

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Series 2020 Bonds may not be sold, nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE

NOT RATED

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Tax-Exempt Bonds (defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (ii) the Series 2020 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended, and (iii) interest on the Taxable Bonds (defined herein) is not excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.*

TOBY & LEON COOPERMAN  
SINAI RESIDENCES  
BOCA RATON

**\$141,210,000\***  
**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**  
**REVENUE BONDS**  
**(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)**  
**SERIES 2020**  
**CONSISTING OF:**

<b>\$54,110,000*</b>	<b>\$29,030,000*</b>	<b>\$53,070,000*</b>	<b>\$5,000,000*</b>
<b>SERIES 2020A</b>	<b>ENTRANCE FEE</b>	<b>ENTRANCE FEE</b>	<b>ENTRANCE FEE</b>
	<b>PRINCIPAL REDEMPTION</b>	<b>PRINCIPAL REDEMPTION</b>	<b>PRINCIPAL REDEMPTION</b>
	<b>BONDS<sup>SM</sup></b>	<b>BONDS<sup>SM</sup></b>	<b>BONDS<sup>SM</sup></b>
	<b>SERIES 2020B-1</b>	<b>SERIES 2020B-2</b>	<b>SERIES 2020C</b>
			<b>(TAXABLE)</b>

**Dates, Interest Rates, Principal Amounts, Yields and CUSIP Numbers Shown on the Inside Cover**

The Series 2020 Bonds (as defined herein) are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and will be available to ultimate purchasers ("Beneficial Owners") under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through, DTC Participants. Purchases by Beneficial Owners will be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not be entitled to receive physical delivery of the Series 2020 Bonds. Interest on the Series 2020 Bonds accrues from their date of delivery and is payable on each June 1 and December 1 of each year, commencing December 1, 2020 until maturity or prior redemption. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, payments of principal of, premium, if any, and interest on the Series 2020 Bonds are required to be made to Beneficial Owners by DTC through its participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The proceeds of the sale of the Series 2020 Bonds will be loaned to Federation CCRC Operations Corp., a Florida not-for-profit corporation (the "Corporation" or the "Obligated Group Representative") and used to (i) pay or reimburse the Corporation for the payment of the costs of acquiring, constructing and equipping of the expansion to the Toby & Leon Cooperman Sinai Residences of Boca Raton continuing care retirement community as further described herein (the "Phase II Expansion" and together with the Phase I Project (as defined herein), "Sinai Residences"); (ii) fund a debt service reserve fund; (iii) fund capitalized interest on the Series 2020 Bonds; and (iv) pay a portion of the applicable costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are being issued by the Palm Beach County Health Facilities Authority (the "Authority"), a public body corporate and politic duly created and existing under the provisions of Chapter 154, Part III and Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and an Indenture of Trust 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 SERIES 2020 BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE AUTHORITY, THE STATE OF FLORIDA (THE "STATE"), PALM BEACH COUNTY, FLORIDA (THE "COUNTY") OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2020 BONDS SHALL BE A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE INCOME, REVENUES, AND RECEIPTS DERIVED FROM THE TRUST ESTATE CREATED UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2020 BONDS OR TO THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO MAKE ANY APPROPRIATION TO PAY THE PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS. THE SERIES 2020 BONDS DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, THE COUNTY, OR THE AUTHORITY OR TAXING POWERS OF THE STATE OR THE COUNTY.

**THE SERIES 2020 BONDS ARE NOT RATED. AN INVESTMENT IN THE SERIES 2020 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2020 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE SERIES 2020 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2020 BONDS.**

The Series 2020 Bonds offered by this Official Statement are offered when, as and if issued and accepted by Herbert J. Sims & Co., Inc. (the "Underwriter"), subject to prior sale, withdrawal or modification of the offer without notice, subject to the approving opinion of Squire Patton Boggs (US) LLP, Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Haile Shaw & Pfaffenberger, P.A., North Palm Beach, Florida; for the Corporation by its counsel, Squire Patton Boggs (US) LLP, Washington, D.C.; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia. It is expected that the Series 2020 Bonds will be available for delivery through the facilities of DTC, against payment therefor, on or about September \_\_\_\_, 2020.



Dated: \_\_\_\_, 2020

\* Preliminary, subject to change

**\$141,210,000\***  
**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**  
**REVENUE BONDS**  
**(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)**  
**SERIES 2020**

**CONSISTING OF:**

**\$54,110,000\***  
**SERIES 2020A**

**\$29,030,000\***  
**ENTRANCE FEE**  
**PRINCIPAL REDEMPTION**  
**BONDS<sup>SM</sup>**  
**SERIES 2020B-1**

**\$53,070,000\***  
**ENTRANCE FEE**  
**PRINCIPAL REDEMPTION**  
**BONDS<sup>SM</sup>**  
**SERIES 2020B-2**

**\$5,000,000\***  
**ENTRANCE FEE**  
**PRINCIPAL REDEMPTION**  
**BONDS<sup>SM</sup>**  
**SERIES 2020C**  
**(TAXABLE)**

**\$54,110,000\* Series 2020A Bonds**

\$54,110,000\* \_\_ % Series 2020A Term Bonds Due June 1, 2055\* @ \_\_ to Yield \_\_ % CUSIP<sup>©†</sup> \_\_\_\_\_

**\$29,030,000\* Series 2020B-1 Bonds**

\$29,030,000\* \_\_ % Series 2020B-1 Term Bonds Due June 1, 2027\* @ \_\_ to Yield \_\_ % CUSIP<sup>©†</sup> \_\_\_\_\_

**\$53,070,000\* Series 2020B-2 Bonds**

\$53,070,000\* \_\_ % Series 2020B-2 Term Bonds Due June 1, 2025\* @ \_\_ to Yield \_\_ % CUSIP<sup>©†</sup> \_\_\_\_\_

**\$5,000,000\* Series 2020C Bonds**

\$5,000,000\* \_\_ % Series 2020C Term Bonds Due June 1, 2024\* @ \_\_ to Yield \_\_ % CUSIP<sup>©†</sup> \_\_\_\_\_

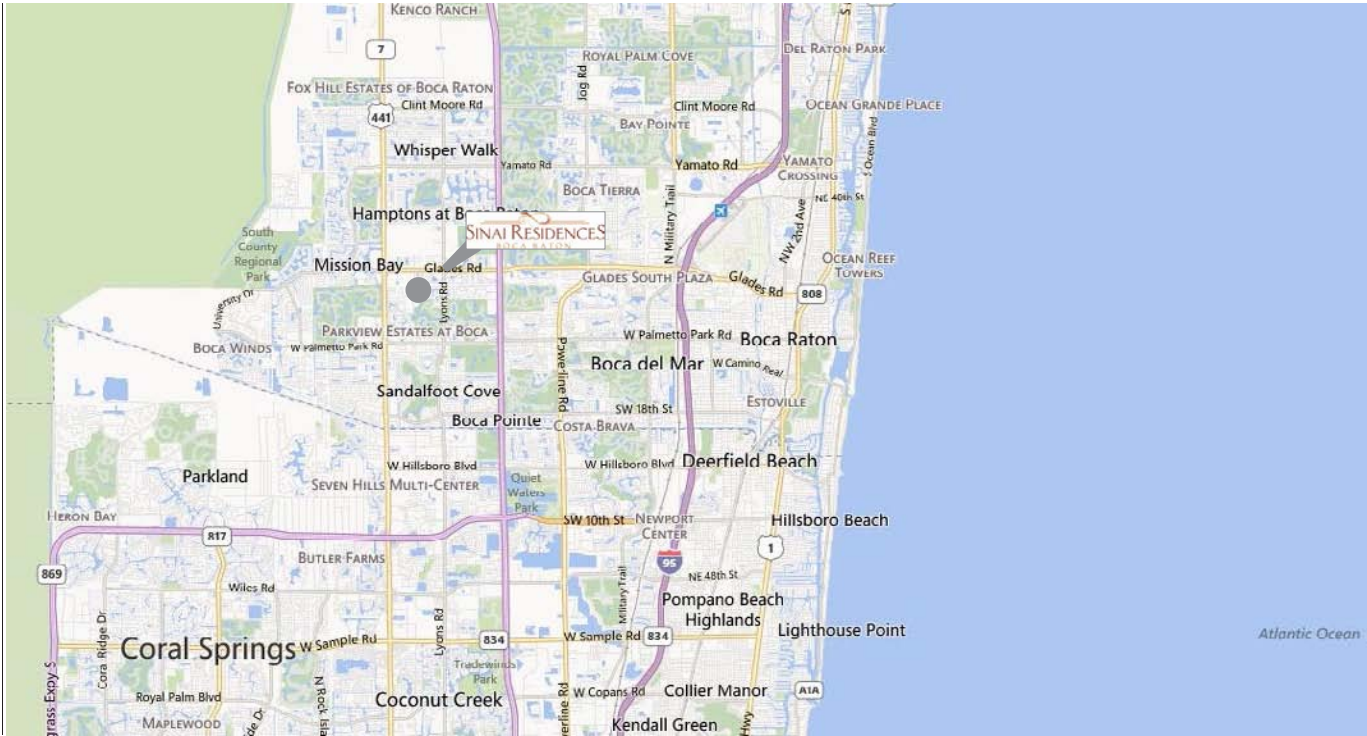
**All Series 2020 Bonds are dated the date of their issuance and delivery**

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\* Preliminary; subject to change.

† None of the Authority, the Corporation or the Underwriter takes responsibility for the accuracy of the CUSIP<sup>©</sup> numbers, which are included solely for the convenience of the purchasers of the Series 2020 Bonds. CUSIP<sup>©</sup> is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence.

Map of the Site



Sinai-Federation Site Map





**Exterior Entryway**



**Outdoor Seating**



**Independent Living - Common Living Room**



**Independent Living Hallway**



**Independent Living - Library**





## Independent Living - Bistro



## Independent Living - Bistro Dining



**Independent Living - Main Dining Host**



**Independent Living - Main Dining**





**Assisted Living - Reception**



**Assisted Living - Dining**





**Skilled Nursing - Living Area**



**Skilled Nursing - Dining Room**





**Rendering of Expansion Building and New Spa Pool**



**Rendering of Expansion Green Roof**





**Rendering of Expansion Casual Dining**



**Rendering of Expansion Formal Dining**



**Rendering of Expansion Function Space**



**Spa and Fitness Center**



**Fitness - Fitness Center**





**Spa Entrance (Interior)**



**Spa**



*For additional pictures and a virtual tour of the Toby & Leon Cooperman Sinai Residences Boca Raton Campus and Expansion, please go to <https://www.sinairesidences.com/virtual-tours/>.*

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## **PRELIMINARY NOTICES**

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Corporation, the Authority, or the Underwriter. The information set forth herein concerning the Corporation has been furnished by the Corporation and is believed to be reliable but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by, the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Corporation since the date hereof.

In making an investment decision, investors must rely on their own examination of the Series 2020 Bonds, the Corporation, Sinai Residences, the Phase II Expansion and the terms of the offering, including the merits and risks involved. The Series 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, no such commission or regulatory authority has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. 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. The information contained in this Official Statement has been furnished by the Corporation, the Authority, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER THE BOND INDENTURE NOR THE MASTER INDENTURE HAS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2020 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2020 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2020 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2020 BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE ON CERTAIN EXEMPTIONS FROM REGISTRATION.

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

This Official Statement contains statements which should be considered “forward-looking statements,” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “forecast,” or similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CORPORATION DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

This Official Statement is being provided to prospective purchasers in either bound or printed format (“Original Bound Format”), or in electronic format on the following website: [www.munios.com](http://www.munios.com). This Official Statement may be relied on only if it is in its Original Bound Format, or if it is printed or saved in full directly from the aforementioned website or [www.emma.msrb.org](http://www.emma.msrb.org).

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## SHORT STATEMENT

The information set forth in this short statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, including the appendices, which should be read in its entirety including the assumptions, methodology and rationale underlying the Financial Feasibility Study appearing as Appendix C to this Official Statement. The Financial Feasibility Study included as Appendix C hereto should be read in its entirety. The offering of the Series 2020 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this short statement from this Official Statement or otherwise to use it without this entire Official Statement. For the definitions of certain words and terms used in this short statement, see “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in Appendix D hereto.

### The Authority

The Palm Beach County Health Facilities Authority (the “Authority”), a public body corporate and politic duly created and existing under the provisions of Chapter 154, Part III and Chapter 159, Part II, Florida Statutes, as amended (the “Act”), is authorized pursuant to the Act to issue its revenue bonds to finance and refinance the acquisition, construction, renovation and equipping of projects, within the meaning of the Act, within the jurisdiction of Palm Beach County, Florida (the “County”). See “THE AUTHORITY” herein.

### The Series 2020 Bonds

The Authority proposes to issue \$141,210,000\* aggregate principal amount of its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020 (collectively, the “Series 2020 Bonds”), consisting of four series as follows:

- \$54,110,000\*, Series 2020A (the “Series 2020A Bonds”);
- \$29,030,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup>, Series 2020B-1 (the “Series 2020B-1 Bonds”); and
- \$53,070,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup>, Series 2020B-2 (the “Series 2020B-2 Bonds” and together with the Series 2020A Bonds and the Series 2020B-1 Bonds, the “Tax-Exempt Bonds”); and
- \$5,000,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup>, Series 2020C (Taxable) (the “Series 2020C Bonds” or “Taxable Bonds”)

The Series 2020 Bonds are being issued pursuant to the Act, a resolution of the Authority adopted by the governing body of the Authority, and an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”), between the Authority and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), to, (i) pay or reimburse the Corporation for the payment of the costs of acquiring, constructing and equipping of the expansion to the Toby & Leon Cooperman Sinai Residences of Boca Raton continuing care retirement community (the “Phase II Expansion” and together with the Phase I Project (as defined herein), “Sinai Residences”); (ii) fund the Debt Service Reserve Fund; (iii) fund capitalized interest on the Series 2020 Bonds; and (iv) pay a portion of the costs of issuance of the Series 2020 Bonds. Pursuant to a Loan Agreement dated as of September 1, 2020 (the “Loan Agreement”), between the Authority and Federation CCRC Operations Corp., a Florida not-for-profit corporation (the “Corporation” or the “Obligated Group Representative”), the Authority will lend the proceeds of the Series 2020 Bonds to the Corporation and the Corporation will agree to make loan payments at times and in amounts sufficient to pay principal, premium (if any) and interest on the Series 2020 Bonds. See “THE SERIES 2020 BONDS” herein.

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\* Preliminary, subject to change

## **Description of the Series 2020 Bonds**

**Redemption.** The Series 2020 Bonds are subject to redemption prior to their stated maturity. See “THE SERIES 2020 BONDS – Redemption Prior to Maturity” herein.

**Denominations.** The Series 2020 Bonds are issuable in the denominations of \$5,000 or any integral multiple thereof. See “THE SERIES 2020 BONDS – General” herein.

**Registration, Transfers and Exchanges.** The Series 2020 Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to ultimate purchasers (“Beneficial Owners”) under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through, DTC Participants. Beneficial Owners will not be entitled to receive physical delivery of the Series 2020 Bonds. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. See “BOOK-ENTRY ONLY SYSTEM” herein.

**Payments.** Interest on the Series 2020 Bonds is payable on June 1 and December 1 of each year (each such date, an “Interest Payment Date”), commencing December 1, 2020. Payment of the principal of and interest on Series 2020 Bonds will be made by the Bond Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter by the DTC Participants to Beneficial Owners of the Series 2020 Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

**Tax Exemption.** In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (ii) the Series 2020 Bonds and the income thereon are exempt from taxation under the laws of the State, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended, and (iii) interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds may be subject to certain federal taxes imposed only on certain corporations. See “TAX MATTERS” for further information and certain other federal tax consequences arising with respect to the Tax-Exempt Bonds.

**Amendments.** By their ownership interests in the Series 2020 Bonds, the holders thereof will be deemed to have consented to the amendments of the Master Indenture as set forth in the proposed form of the Supplemental Indenture Number 3 attached in Appendix D hereto. See “SECURITY FOR THE SERIES 2020 BONDS -- Series 2020 Bondholders Deemed to Consent to Amendments to Master Indenture” herein and “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Supplemental Indenture Number 3” attached in Appendix D hereto.

## **The Corporation, Sinai Residences and the Phase II Expansion**

The Corporation is a Florida not-for-profit corporation. The Corporation has been determined by the Internal Revenue Service (the “IRS”) to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Corporation received a determination letter from the IRS dated February 13, 2013 stating that the Corporation is a charitable organization as described in the Code.

The Corporation owns a continuing care retirement community known as “Toby & Leon Cooperman Sinai Residences of Boca Raton” that presently consists of 234 independent living units, 48 assisted living units, 24 memory-support units and 60 skilled nursing beds (the “Phase I Project”). The Corporation proposes to expand Sinai Residences by adding 111 independent living units and related facilities. Through August 17, 2020, 77 of the 111 planned independent living units (approximately 69.4%) are reserved by prospective residents.

See “Marketing and Presales” below and “THE CORPORATION, SINAI RESIDENCES AND THE PHASE II EXPANSION – Marketing and Presales” herein.

See Appendix A hereto for a description of the Corporation, Sinai Residences and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

### **The Federation - Background**

In 2009, the Jewish Federation of South Palm Beach County, Inc. (the “Federation”), established the Corporation to develop and operate Sinai Residences. The Federation, a Florida not-for-profit corporation, was incorporated in November 1979 as a not-for-profit charitable organization described under Section 501(c)(3) of the Code. The Federation serves the communities of Boca Raton, Delray Beach and Highland Beach in the southern portion of Palm Beach County, Florida. The Federation’s purpose is to further the welfare of the Jewish community in Palm Beach County, Florida, in Israel and in more than sixty countries around the world through fundraising, financial support and the delivery of philanthropic services.

The Federation operates an approximately 100-acre campus (the “Federation Campus”) in Boca Raton, with a main address of 9901 Donna Klein Blvd, Boca Raton, FL 33428. The Federation Campus currently consists of approximately one-million square feet of office and community facilities, including administration and family services departments, Sinai Residences, the Katz Yeshiva High School, the Donna Klein day school/early childhood center, the Adolph & Rose Levis Jewish Community Center, space for cultural activities and a health and physical fitness center that includes a basketball gymnasium, tennis courts and a swimming pool. The Harry & Jeanette Weinberg House and the Shirley H. Gould House, also located on the Federation Campus, are rental housing communities for low-income seniors and handicapped individuals.

The Federation provides charitable services through (i) the Adolph & Rose Levis Jewish Community Center, (ii) the Donna Klein Jewish Academy, a private K-12 school, (iii) the Jewish Association for Residential Care and (iv) the Ruth Rales Jewish Family Services. In addition, the Federation provides programs and services through (1) the Jewish Community Foundation, which provides opportunities to support the continuity of Jewish life in south Palm Beach County, Florida, (2) the Jewish Community Relations Council, the public-policy and social-action arm of the Federation that works to unite the organized Jewish community, and (3) the Jewish Education Department, which provides Jewish learning opportunities for people of all ages. Finally, the Federation works with a variety of affiliated-member and beneficiary-member agencies and organizations such as local temples and synagogues, as well as the American Jewish Committee, the Anti-Defamation League, Community Kollel, Hillel Day School, the Solomon Schechter Day School of Palm Beach County, and the Torah Academy of Palm Beach County Yeshiva High School. See “THE FEDERATION” in Appendix A hereto for more information about the Federation.

**THE FEDERATION IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OR INTEREST ON THE SERIES 2020 OBLIGATIONS OR THE SERIES 2020 BONDS. THE FEDERATION HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PHASE II EXPANSION OR SINAI RESIDENCES. THE FEDERATION HAS NO OBLIGATION TO ADVANCE FUNDS TO THE CORPORATION.**

### **History of Sinai Residences**

In 2007, the Federation identified a need for a continuing care retirement community (“CCRC”) to serve the medical, residential and other care needs of an aging population in south Palm Beach County. From 2007 to 2009, the Federation evaluated a number of alternatives for development of the Phase I Project and assembled a project team experienced in the development and financing of CCRCs. After several years of planning the Phase I Project, the Corporation completed construction in 2016. Residents commenced moving in beginning January 2016, and the final units became available for occupancy in October 2016. The Phase I Project contains 234 independent living units (the “Existing Independent Living Units”), 48 assisted living units (the “Assisted Living Units”), 24 memory-support units (the “Memory Support Units”), 60 skilled nursing beds (the “Skilled Nursing Beds”) and common areas. The Existing Independent Living Units were available for occupancy in January 2016 and were largely occupied within six months, with 100% occupancy occurring 11 months after the opening of the Phase I Project.

Common area features in the Phase I Project include several living areas, multiple distinct dining areas, a large multi-purpose center, a library, a business center and conference room, a bank, a gift shop, a mail room, an arts



and crafts center, game and activity rooms, multiple resident lounges, roof gardens, and a wellness pavilion that includes a pool, exercise/fitness rooms, salon and spa, and a café, and various other community spaces. The Phase I Project includes attractive landscape features, including water features at the front drive, courtyards surrounded by residences and a central, hardscaped cortile surrounded by the resident dining and other common area amenities. The gross square footage of the Phase I Project is approximately 615,000 square feet, including an approximately 90,000 square-foot parking garage with 102 parking spaces, plus on-site surface parking.

The Phase II Expansion consists of approximately 111 independent living units (the “New Independent Living Units” and collectively with the Existing Independent Living Units, the “Independent Living Units”) and related facilities. In May 2019, the Florida Office of Insurance Regulation (“OIR”), approved the expansion of Sinai Residences, which allowed the Corporation to accept deposits in marketing the Phase II Expansion.

## **Marketing and Presales**

In July 2019, the Corporation began collecting deposits for reservations of the New Independent Living Units equal to 10% of the Entrance Fee (the “Reservation Deposit”). Through August 17, 2020, 77 of the 111 planned New Independent Living Units (approximately 69.4%) are reserved by prospective residents who have executed a reservation agreement (the “Reservation Agreement”), provided a self-disclosure of his or her health and finances and made a Reservation Deposit on the selected New Independent Living Unit. The Reservation Deposit, plus any interest earnings actually earned on the Reservation Deposit, is 100% refundable if the Reservation Agreement is involuntarily terminated or if terminated for voluntary reasons within 30 days from the date of the Reservation Agreement. If the resident terminates the Reservation Agreement for voluntary reasons after 30 days from the date of the Reservation Agreement, the Corporation will refund the Reservation Deposit plus any interest earnings actually earned on the Reservation Deposit less a forfeiture penalty equal to 2.00% of the Entrance Fee (20% of the Reservation Deposit).

Prior to taking occupancy, a prospective resident must execute a Residence and Care Agreement (a “Residence and Care Agreement” or “Residency Agreement”) and pay the Entrance Fee. The prospective resident must pay the remaining 90% of the Entrance Fee not later than 60 days after the date that the Corporation sends written notice to the resident that the Independent Living Unit chosen is or will be ready for occupancy.

In connection with the Financial Feasibility Study, the depositors as of the date of the Financial Feasibility Study reported a median net worth of approximately \$4,593,000 and median annual income of approximately \$222,000. The average age of all depositors is approximately 85 years of age.

The Phase II Expansion has been marketed to prospective residents through a phased marketing program, which included a mail survey and lead generation program, a “Friends Program,” a “Priority Program” and currently, a reservation program. See “THE PHASE II EXPANSION” and “SINAI RESIDENCES – Entrance Fees and Monthly Service Fees” in Appendix A hereto.

## **The Project Site**

The Corporation will construct the Phase II Expansion on approximately 4.6 acres of land adjacent to the existing Sinai Residences facilities (the “Phase II Expansion Site” and together with the existing 21 acres of land of (the “Phase I Project Site”), the “Project Site”). The Jewish Community Facilities Corporation (“Facilities Corporation”) is donating the Phase II Expansion Site to the Corporation. CBRE, Inc., Miami, Florida, prepared an appraisal for the Phase II Expansion Site (the “Appraisal”). The Appraisal concluded that the Phase II Expansion Site has an “as-is” value of approximately \$7,500,000. During the period of the offering of the Series 2020 Bonds, a copy of the Appraisal is available from the Underwriter, upon request.

Sinai Residences is approximately one-half mile east of U.S. Highway 441 (“US 441”), which provides access north to Palm Beach, Florida or south to Ft. Lauderdale and Miami, Florida. Interstate 95 runs parallel to US-441, and can be accessed approximately six miles northeast of Sinai Residences. Palm Tran provides bus service throughout Palm Beach County via 34 bus routes and a paratransit service for the disabled. The nearest bus stop is located approximately a quarter of a mile west of Sinai Residences. Sinai Residences is located approximately 31 miles from both Ft. Lauderdale International Airport and Palm Beach International Airport. West Boca Medical Center is a 195-bed acute care hospital that is located approximately 0.2 miles from Sinai Residences. Boca Raton

Regional Hospital, a 366-bed acute care hospital, and Delray Medical Center, a 465-bed acute care hospital, are each located within 11 miles of Sinai Residences. Several synagogues are located within three miles of Sinai Residences. Sinai Residences is located approximately five miles west of Town Center Mall at Boca Raton, which offers 25 restaurants and 220 stores, including Macy's, Nordstrom, Bloomingdale's, Saks Fifth Avenue and Neiman Marcus. There are several cultural and recreational activities within close proximity including the Boca Raton Museum of Art, the iPic Theater, Red Reef Park (which is a 67-acre ocean front park) and several public and private golf clubs. See "FINANCIAL FEASIBILITY STUDY" in Appendix C hereto for more about information about the market area of Sinai Residences.

### **Shared Services – Reciprocal Easement Agreement**

The Corporation, together with the Facilities Corporation and other organizations on the Federation campus, entered into a Reciprocal Easement and Cost Sharing Agreement (the "Easement Agreement") in connection with the Phase I Project, which will extend to the Phase II Expansion upon completion. The Easement Agreement provides vehicle and pedestrian access to the site of Sinai Residences across the Federation Campus. In addition, the Easement Agreement provides that Sinai Residences benefit from a number of services provided by Facilities Corporation and the Federation for the Federation Campus. See "SINAI RESIDENCES – Shared Services – Reciprocal Easement Agreement" in Appendix A hereto.

### **The Federation Development Agreement**

The Corporation and the Federation have entered into a Development Agreement, dated as of September 1, 2020 (the "Federation Development Agreement"), for certain development services being performed by the Federation. Under the Federation Development Agreement, the Federation will receive a \$5,000,000 development fee (the "Federation Development Fee"), payable as follows: (i) 50% is due concurrently with the closing of the financing for the Phase II Expansion, (ii) 30% is due when the Phase II Expansion is 50% complete, and (iii) 20% is due upon the payment in full of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. The Federation Development Agreement is not being collaterally assigned in connection with the issuance of the Series 2020 Bonds.

See "THE FEDERATION – Phase II Development Agreement" in Appendix A hereto

### **The Development Consultant**

The Corporation and LCS Development, LLC (the "Development Consultant") have entered into a Development Consulting Services Agreement dated as of March 5, 2018, as amended on December 20, 2018 (the "Development Consultant Agreement") pursuant to which the Development Consultant is providing development, consulting and other services related to the Phase II Expansion.

The Development Consultant provides services for the development, expansion and repositioning of CCRCs and other senior living communities. The Development Consultant provides services for every phase of senior living development: planning, design, sales and construction. The Development Consultant helps build community occupancy, drive presales and conversion sales, manage buyer retention, assist with resident move-in, and develop marketing and sales budgets. Specifically, the Development Consultant provides the following services to its clients: market research; new development site selection and planning; team-building and planning; financial feasibility and modeling; analysis of financing alternatives; program development; long-range planning; construction management; design management; construction management site planning; comprehensive management of the development process; master planning services; occupancy development; and redevelopment.

See "THE PHASE II EXPANSION – Development" and "– Development Consultant Services Agreement" in Appendix A hereto.

### **The Management Company**

Life Care Services LLC, d/b/a Life Care Services<sup>TM</sup>, an Iowa limited liability company (the "Manager" or "LCS") has managed Sinai Residences since its opening. The Corporation and the Manager have entered into a new Management Agreement dated as of September 1, 2020 (the "Management Agreement") pursuant to which the

Manager is serving as the manager of Sinai Residences, and in connection therewith, to recommend and regularly evaluate policies and goals of the Corporation, implement the policies, budgets, directives and goals for Sinai Residences established by the Corporation, manage the day to day operations of Sinai Residences in accordance with the Corporation's policies, directives and goals, provide the Corporation with relevant information as to past operations, and make recommendations as to the future operation of Sinai Residences.

The Manager is a wholly-owned subsidiary of Life Care Companies LLC ("LCC"), an Iowa limited liability company. LCC has experience with the planning, developing, and managing of senior living communities throughout the United States since 1971. The Manager and its affiliates manage 129 retirement communities serving over 34,000 residents in 33 states and the District of Columbia, ranging in size from 60 units to over 1,700 units. LCS manages retirement communities owned by for-profit and nonprofit sponsors. LCS is the third largest manager of retirement communities in the United States measured by total number of units.

The Manager provides management services from its home office in Des Moines, Iowa and regional offices in Charlotte, North Carolina; Indianapolis, Indiana; Delray Beach, Florida; San Diego, California; and St. Louis, Missouri.

The Manager and the Development Consultant are affiliated entities.

See "MANAGEMENT OF SINAI RESIDENCES" in Appendix A hereto.

## **Plan of Financing**

***Application of Series 2020 Bond Proceeds.*** The proceeds of the Series 2020 Bonds will be loaned by the Authority to the Corporation and will be used, together with other available moneys, to (i) pay or reimburse the Corporation for a portion of the costs of the Phase II Expansion, including refinancing a pre-development private loan (ii) fund the Debt Service Reserve Fund; (iii) fund capitalized interest on the Series 2020 Bonds; and (iv) pay a portion of the costs of issuance of the Series 2020 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

***Application of Initial Entrance Fees.*** (a) The Master Trustee will establish and maintain a separate fund (the "Entrance Fee Fund") for the deposit of Entrance Fees received upon the initial occupancy of any New Independent Living Unit not previously occupied ("Initial Entrance Fees") and not required to be held in a separate escrow account pursuant to State law. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Obligations (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture.

(b) The Members of the Obligated Group agree that each portion of an Initial Entrance Fee received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof as follows:

(i) prior to the release described in subsection (d) below, each transfer shall also be accompanied by (A) a copy of the related entrance fee receipt forwarded to the Chapter 651 Entrance Fee Escrow Agent (an "Entrance Fee Receipt"), and (B) written directions from the Obligated Group Representative to the Master Trustee indicating the amount of such Initial Entrance Fee that is to be deposited to the Entrance Fee Fund (the "Discretionary Amount") and the amount of such Initial Entrance Fee that is to be transferred to the Chapter 651 Entrance Fee Escrow Agent for deposit to the Entrance Fee Escrow Account (the "Escrowed Amount"), such Discretionary Amount shall be deposited and applied by the Master Trustee in accordance with subsection (c) below;

(ii) upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (d) below; and

(iii) after the release described in subsection (d) below, the Initial Entrance Fees received by the Master Trustee shall be deposited and applied in accordance with subsection (e) below.



The Master Trustee shall be entitled to conclusively rely on the determination of the Obligated Group Representative as to the allocation of the Initial Entrance Fee between the amounts to be deposited to the Entrance Fee Fund and the Entrance Fee Escrow Account and shall have no duty or obligation to review or verify any of the information or calculations set forth in the Entrance Fee Receipt, except to confirm receipt of the amount set forth therein.

(c) The Discretionary Amount shall be deposited to the Entrance Fee Fund and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund and Entrance Fee Escrow Account. The Obligated Group Representative shall also provide a copy of such Officer's Certificate to the Chapter 651 Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST of this subsection (c), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers, shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (c), on each February 15, May 15, August 15 and November 15 (or, if such day is not a Business Day, then on the next succeeding Business Day) (each, an "Entrance Fee Transfer Date") any remaining amounts shall be transferred to the Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

After the transfers described above and in subsection (d) below have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(d) Once the Escrowed Amount, together with any other amount on deposit in the Entrance Fee Escrow Account, is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Chapter 651 Entrance Fee Escrow Agent to transfer the released amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Chapter 651 Entrance Fee Escrow Agent with a copy to the Master Trustee) and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer's Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (d), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c) and (d), shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (d), while any portion of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, amounts shall be transferred to the Series 2020 Bond to be transferred to the Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

After the transfers described above have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(e) After the release of Initial Entrance Fees by the Chapter 651 Entrance Fee Escrow Agent as described in subsection (d) above, all Initial Entrance Fees received by the Master Trustee will, subject to subsection (g) below, be deposited to the Entrance Fee Fund and on the first Business Day of each month thereafter (each, a “Review Date”) the Master Trustee shall review the amount on deposit in the Entrance Fee Fund and shall apply moneys on deposit therein in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer’s Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (e), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c), (d) and this subsection (e), shall not exceed \$4,000,000.

THIRD: After the transfers described in paragraphs FIRST and SECOND of this subsection (e) have been made, while any Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, the amount remaining shall be transferred to the Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

(f) Notwithstanding anything in the Master Indenture or the Supplemental Indenture Number 3 to the contrary, on each Entrance Fee Transfer Date the Master Trustee shall transfer Initial Entrance Fees to the Bond Trustee to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture, it being understood that redemption of the Series 2020B-1 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020B-2 Bonds are paid in full and that redemption of the Series 2020B-2 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020C Bonds are paid in full. Amounts transferred to the Bond Trustee pursuant to Section 2.01 of the Supplemental Indenture Number 3 shall be free and clear of any lien of the Master Indenture upon such transfer.

(g) After all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds have been redeemed or otherwise paid in full (as evidenced by written confirmation from the Bond Trustee delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

### **Security for the Series 2020 Bonds**

**Loan Agreement.** Pursuant to the Loan Agreement, the Corporation will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal or redemption price of and interest on the Series 2020 Bonds. Pursuant to the Bond Indenture, the Authority has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.

**Master Indenture.** The obligation of the Corporation to repay the loan of the proceeds of the Series 2020 Bonds from the Authority will be evidenced by promissory notes of the Corporation (the “Series 2020 Obligations”), issued under and entitled to the benefit and security of a Master Trust Indenture dated as of May 1, 2014 (the “Original Master Indenture”), between the Corporation and the Master Trustee, as supplemented from time to time, including by Supplemental Indenture Number 1 dated as of May 1, 2014, Supplemental Indenture Number 2 dated

as of March 1, 2019 and Supplemental Indenture Number 3 (“Supplemental Indenture Number 3”) dated as of September 1, 2020 (together, the “Supplemental Indentures” and together with the Original Master Indenture, the “Master Indenture”), between the Corporation, as Obligated Group Representative, and the Master Trustee. See “SECURITY FOR THE SERIES 2020 BONDS – The Master Indenture and the Mortgage” herein. See also “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in Appendix D hereto. The Corporation is the only current member of the Obligated Group under the Master Indenture, but additional Obligated Group Members may be admitted to the Obligated Group. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture – Admission of Obligated Group Members” in Appendix D hereto. The Series 2020 Obligations will constitute joint and several obligations of the Obligated Group Members to pay amounts sufficient to pay principal, premium, if any, and interest on the Series 2020 Bonds. The Series 2020 Obligations will be secured on a parity basis with the Series 2014 Obligations (herein defined) issued in connection with the issuance of the Series 2014 Bonds (herein defined), and with Obligations hereafter issued under the Master Indenture, except Subordinated Obligations, by a security interest in the Gross Revenues of the Obligated Group (including Entrance Fees and accounts receivable) and the funds established under the Master Indenture. If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Obligations when due and continues for a period of five days, each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund created under the Master Indenture all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists. **By their ownership interests in the Series 2020 Bonds, the holders thereof will be deemed to have consented to the amendments of the Master Indenture as set forth in the proposed form of the Supplemental Indenture Number 3 attached in Appendix D hereto.** See “SECURITY FOR THE SERIES 2020 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Revenue Fund” and “– Series 2020 Bondholders Deemed to Consent to Amendments to Master Indenture” herein. See also “CERTAIN BONDHOLDERS’ RISKS – Certain Matters Relating to Enforceability of the Master Indenture.”

***Existing Parity Debt and Subordinate Debt under the Master Indenture.***

***Parity Debt from the Phase I Project.*** On May 20, 2014, the Authority issued its \$213,785,000 aggregate principal amount of its Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014, consisting of five series as follows:

- \$120,735,000 principal amount of Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014A (the “Series 2014A Bonds”);
- \$14,000,000 principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014B (the “Series 2014B Bonds”);
- \$55,000,000 principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014C (the “Series 2014C Bonds”);
- \$3,050,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-1 (the “Series 2014D-1 Bonds”); and
- \$21,000,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-2 (the “Series 2014D-2 Bonds” and collectively with the Series 2014D-1 Bonds, the “Series 2014D Bonds” and together with the Series 2014A Bonds, the Series 2014B Bonds and the Series 2014C Bonds, the “Series 2014 Bonds”).

Obligations were issued under the Master Indenture to secure the Series 2014 Bonds (the “Series 2014 Obligations”). The proceeds of the Series 2014 Bonds were loaned to the Corporation and used, together with other available moneys, to finance the Phase I Project, including paying capitalized interest and funding debt service reserves.



As of June 1, 2020, \$119,560,000 of the Series 2014A Bonds and \$3,050,000 of the Series 2014D-1 Bonds are outstanding. The Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 have been paid in full and are no longer outstanding. The last payment of principal on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds was paid on September 1, 2016.

***Parity Debt from Pre-Development Loan for the Phase II Expansion.*** On March 15, 2019, the Corporation obtained a taxable private non-revolving credit facility of up to \$8,100,000 from SunTrust Bank (now known as Truist) (the “Pre-Development Loan”) to finance pre-development costs of the Phase II Expansion. The Pre-Development Loan is secured by an Obligation issued under the Master Indenture, bears interest at a variable rate and will be paid in full from a portion of the proceeds of the Series 2020 Bonds.

In addition to the Pre-Development Loan, the Corporation has funded approximately \$10,433,882 of preliminary costs of the Phase II Expansion, of which approximately \$6,102,132\* is expected to be reimbursed with proceeds of the Series 2020 Bonds.

***The Federation Subordinated Obligation.*** In connection with the issuance of the Series 2014 Bonds, the Corporation issued a subordinate, promissory note (the “Federation Subordinated Obligation”) initially in the amount of \$3,000,000, but subject to an increase in the principal amount. The Federation Subordinated Obligation accrues interest at 4.0% per annum on the outstanding principal balance of the Federation Subordinated Obligation and the amount of unpaid accrued interest will not exceed the then outstanding principal balance of the Federation Subordinated Obligation. No payment of principal or interest may be made on the Federation Subordinated Obligation unless certain conditions have been satisfied. No payments have been made to date on the Federation Subordinated Obligation. See “The Federation – Background – Federation Subordinated Obligation” and “Security for the Series 2020 Bonds – Financial Covenants” herein.

***Mortgage.*** The Series 2020 Obligations will also be secured on a parity basis with the Series 2014 Obligations, and any Obligations hereafter issued under the Master Indenture, except Subordinated Obligations, by the Mortgage and Security Agreement dated May 21, 2014 (the “Original Mortgage”), as amended and supplemented from time to time, including by the Second Notice of Secured Additional Obligations and Spreader Agreement effective August 13, 2020 (the “Second Notice” and collectively with the Original Mortgage, the “Mortgage”) from the Corporation to the Master Trustee granting a first lien and security interest in certain real property, improvements and equipment of the Corporation. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Mortgage” in Appendix D hereto. The lien and security interests created by the Master Indenture and the Mortgage may become subject to additional Permitted Encumbrances, as defined in the Master Indenture. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in Appendix D hereto. Subordinated Obligations will be secured by the lien and security interests created by the Master Indenture, but payment of Subordinated Obligations will be subordinated to payment of all other Obligations issued under the Master Indenture, including the Series 2020 Obligations.

***Security Interest in Gross Revenues.*** Pursuant to the Master Indenture, each member of the Obligated Group has granted a security interest in its Gross Revenues as security for the payment of the Series 2020 Obligations and all other Obligations issued under the Master Indenture, including the Series 2014 Obligations securing the Series 2014 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS” and “CERTAIN BONDHOLDERS’ RISKS – Certain Matters Relating to Enforceability of the Master Indenture” herein.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and

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\* Preliminary, subject to change.

contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use to make payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow under Chapter 651, Florida Statutes, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

***Limited, Special Obligations.*** THE SERIES 2020 BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE AUTHORITY, THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2020 BONDS SHALL BE A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE INCOME, REVENUES, AND RECEIPTS DERIVED FROM THE TRUST ESTATE CREATED UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2020 BONDS OR TO THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO MAKE ANY APPROPRIATION TO PAY THE PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS. THE SERIES 2020 BONDS DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, THE COUNTY, OR THE AUTHORITY OR TAXING POWERS OF THE STATE OR THE COUNTY.

### **Working Capital Fund**

The Master Trustee will establish a Working Capital Fund pursuant to Supplemental Indenture Number 3. The Working Capital Fund may be funded, from time to time, in an aggregate amount not to exceed \$4,000,000, from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Working Capital Fund as described herein.

Under Supplemental Indenture Number 3, money in the Working Capital Fund will be available to pay (a) costs of completing the Phase II Expansion, (b) operating expenses of Sinai Residences, including any development and marketing fees, (c) the costs of needed repairs to Sinai Residences, (d) the costs of capital improvements to Sinai Residences, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residence and Care Agreements pursuant to which such Entrance Fees were received or (g) amounts due on any indebtedness of the Obligated Group (excluding Subordinated Indebtedness), including without limitation, the Series 2014 Obligations and the Series 2020 Obligations, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds have been paid in full and provided no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed. Amounts so transferred may be used by the Obligated Group to make Affiliate Payments pursuant to Section 3.07 of the Master Indenture.

### **Debt Service Reserve Fund**

A Debt Service Reserve Fund will be established under the Bond Indenture (the "Debt Service Reserve Fund"). There will be created four accounts within the Debt Service Reserve Fund, to be funded with proceeds of the Series 2020 Bonds: (i) a Series 2020A Account, (ii) a Series 2020B-1 Account, (iii) a Series 2020B-2 Account and (iv) a Series 2020C Account. Each account within the Debt Service Reserve Fund will be funded on the date of issuance of the Series 2020 Bonds (1) in the case of the Series 2020A Bonds, in the amount equal to the lesser of (a) the Maximum Annual Debt Service on the Series 2020A Bonds outstanding (which is defined to exclude the final year preceding final maturity of the Series 2020A Bonds), (b) 125% of the average annual debt service on the Series

2020A Bonds, and (c) 10% of the aggregate principal amount the of Series 2020A Bonds, calculated on the basis of each Bond Year and (2) in the case of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, in an amount equal to one year's maximum interest thereon of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, respectively.

The Debt Service Reserve Fund is available to pay the principal of and interest on the Series 2020 Bonds if payments by the Corporation are insufficient therefor. The monies in the Series 2020A Account are only available to pay debt service on the Series 2020A Bonds, the monies in the Series 2020B-1 Account are only available to pay debt service on the Series 2020B-1 Bonds, and the monies in the Series 2020B-2 Account are only available to pay debt service on the Series 2020B-2 Bonds and the monies in the Series 2020C Account are only available to pay debt service on the Series 2020C Bonds. No withdrawal of monies from the Debt Service Reserve Fund (other than transfers of amounts in excess of the applicable reserve requirements) will be made if prior to such transfer, the Obligated Group delivers written notice to the Bond Trustee that the proposed transfer would violate Chapter 651 or any other applicable law regarding any insurance regulatory approval for the transfer. If a transfer of monies is suspended as described in the preceding sentence, such transfer will be made as soon as the Bond Trustee receives written notice from the Obligated Group that all applicable insurance regulatory approvals for the transfer have been obtained.

See "ESTIMATED SOURCES AND USES OF FUNDS" and "SECURITY FOR THE SERIES 2020 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Debt Service Reserve Fund" herein.

Separate debt service reserve funds have been established for the benefit of the holders of the Series 2014 Bonds (together, the "Series 2014 Debt Service Reserve Funds"). **The Series 2014 Debt Service Reserve Funds do not secure the Series 2020 Bonds and the Debt Service Reserve Fund for the Series 2020 Bonds does not secure the outstanding Series 2014 Bonds.**

### **Repair and Replacement Fund**

The Master Trustee has established a Repair and Replacement Fund under the Master Indenture. Moneys in the Repair and Replacement Fund may be used to pay (i) the maintenance and repair costs related to Sinai Residences for which the Corporation is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) Expenses and (iii) the principal of, premium, if any, and interest on any Obligations.

Moneys in the Repair and Replacement Fund for the purpose described in (i) and (ii) of the preceding paragraph will be disbursed upon receipt of a requisition for payment substantially in the form attached the Master Indenture. The Master Trustee is authorized and directed to withdraw funds from the Repair and Replacement Fund for the purpose described in (iii) of the preceding paragraph automatically without any requisition from the Obligated Group Representative and apply them to the payment of debt service on Obligations (or, in the case of Related Bonds, transfer them to the Related Bond Trustee for payment of debt service on the Related Bonds).

Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, commencing on August 1, 2021 and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as Sinai Residences or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to the Master Indenture. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to the Master Indenture and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the



applicable five (5) Fiscal Year period (or such shorter period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

Under the terms of the Original Master Indenture, the first needs assessment analysis for the Phase I Project was due in May 2019, but it was inadvertently not performed. During the current novel coronavirus (“COVID-19”) pandemic, a needs assessment cannot be performed for health and safety reasons. As part of the amendments to the Master Indenture, the first needs assessment analysis is required to be provided on or before August 1, 2021.

Commencing with the first full month following the first full Fiscal Year in which deposits to the Repair and Replacement Fund are required to be made pursuant to the Master Indenture, the Corporation shall pay to the Master Trustee for deposit to the Repair and Replacement Fund, on the first Business Day of each month, an amount equal to one-twelfth of the total amount required to be deposited therein for such Fiscal Year (or such times and amounts as provided for in the needs assessment analysis described in the Master Indenture) as provided in the Master Indenture.

### **Application of Initial Entrance Fees**

For a visual presentation of the application of the Initial Entrance Fees, please see the diagram below, which shows the funds that are expected to be drawn on to fund working capital deficits, debt service, and costs of the Phase II Expansion.

The Corporation received its OIR consent on May 1, 2019, prior to the effective date of HB 1033, which amended Chapter 651 provisions related to expansion projects. At the time the Phase II Expansion was approved by OIR, it was assumed that all entrance fees required to be placed in escrow would remain in escrow until 70% occupancy (as required by the then applicable Section 651.023(6), Florida Statutes.) Management is confirming with OIR whether, in light of the new 651.0246, Florida Statutes, entrance fees required to be placed in escrow would be permitted to be released from escrow at 50% occupancy. If so permitted, it is anticipated that the Series 2020C Bonds could be repaid up to six months sooner and that the Series 2020B-2 Bonds could be repaid up to three to six months sooner than projected in the Financial Feasibility Study. See Appendix C – “FINANCIAL FEASIBILITY STUDY” attached hereto.

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*Prior to Escrow Release*

The Corporation receives Initial Entrance Fees ("IEF") and transfers them to the Master Trustee, who will apply the IEFs pursuant to the instructions of the Corporation. Total IEFs equal approximately \$96,783,571 at 100% occupancy and approximately \$91,944,392 at 95% occupancy.

*Escrowed Amount*

75% of each IEF, inclusive of the initial deposit, will be deposited into the Entrance Fee Escrow Account held by the Chapter 651 Escrow Agent.

*Discretionary Amount*

25% of each IEF will be deposited into the Entrance Fee Fund.

Refunds will be paid as needed.

At any time, up to \$4,000,000, in the aggregate, collected in the Entrance Fee Fund may be deposited into the Working Capital Fund upon the request of the Corporation as described herein.

*After Escrow Release*

As they are received, the Corporation transfers 100% of collected IEFs to the Master Trustee to be deposited into the Entrance Fee Fund

**Estimated Cumulative Percentage of Initial Entrance Fees Collected Necessary to Redeem Each Subseries**

**5.0%**  
(9.1% if \$4 million is transferred to Working Capital Fund)

Aggregate amounts are transferred to the Entrance Fee Redemption Account equal to \$4,800,000 to redeem the Series 2020C Bonds.

The amounts transferred to the Entrance Fee Redemption Account do not equal the par value of the bond series being redeemed due to the Debt Service Reserve Fund for each series of bonds also being used as a source for redemption.

**58%**  
(62.2% if \$4 million is transferred to Working Capital Fund)

Additional aggregate amounts are transferred to the Entrance Fee Redemption Account equal to \$51,345,225 to redeem the Series 2020B-2 Bonds.

**87%**  
(91.1% if \$4 million is transferred to Working Capital Fund)

Additional aggregate amounts are transferred to the Entrance Fee Redemption Account equal to \$28,013,950 to redeem the Series 2020B-1 Bonds.

Once the preceding items are satisfied, all future IEFs may be used by the Corporation as unrestricted cash. Estimated \$12,624,396 at 100% occupancy; estimated \$7,785,217 at 95% occupancy.

## Certain Financial and Operating Covenants of the Corporation

***Debt Service Coverage Ratio Reporting and Covenant.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Master Indenture requires the Obligated Group to calculate the Debt Service Coverage Ratio (i) for each fiscal quarter based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter, and (ii) for each Fiscal Year, based on audited financial statements, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered pursuant to the Master Indenture. The required annual Debt Service Coverage Ratio is 1.20; provided that the ratio is required to be calculated and reported on a quarterly basis. Failure of the Obligated Group to achieve the required annual Debt Service Coverage Ratio shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth below for retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law; provided that if the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 at the end of any Fiscal Year, such failure shall constitute an Event of Default under the Master Indenture, if the Obligated Group also has Days Cash on Hand below 150 at such time; otherwise it will be an Event of Default under the Master Indenture only if the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 for two successive Fiscal Years. The debt service for the Series 2020 Bonds and Series 2020 Obligations shall not be included in the calculation of the Debt Service Coverage Ratio until the earlier of (i) the fiscal quarter following the Stable Occupancy of the Phase II Expansion and (ii) the fiscal quarter ending August 31, 2026 (the "Series 2020 Project Debt Service Coverage Inclusion Date"). For the avoidance of doubt, calculations made as of the end of each Fiscal Year are for reporting purposes only and are not testing dates for compliance with the Debt Service Coverage Ratio covenant. See "SECURITY FOR THE SERIES 2020 BONDS – Financial Covenants – Debt Service Coverage Ratio Covenant" herein for a further description, including a description of the computation of the Debt Service Coverage Ratio and the actions required to be taken if such covenant is not met.

Under the Master Indenture, unrestricted contributions to the Corporation are treated as "Revenues" and thus included in Income Available for Debt Service when calculating the Debt Service Coverage Ratio. Previously, the Federation has gifted monies to the Corporation, making the Corporation compliant with its Debt Service Ratio covenant. See Appendix A – "DEBT SERVICE COVERAGE RATIO" herein. The Federation is under no obligation to make monetary contributions to the Corporation and is not an Obligor under the Master Indenture. Certain withdrawals from the Working Capital Fund and the Coverage Support Fund are also included in "Revenues" and "Income Available for Debt Service."

A Coverage Support Fund will be established under the Bond Indenture (the "Coverage Support Fund") and funded by the Corporation in the amount of \$755,000\*. The Corporation, as of the end of any Fiscal Year, (i) may withdraw funds in order to produce a Debt Service Coverage Ratio of not less than 1.30 and (ii) must withdraw funds if it is necessary to produce a Debt Service Coverage Ratio of not less than 1.20. See "SECURITY FOR THE SERIES 2020 Bonds – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Coverage Support Fund" herein.

***Liquidity Covenant.*** The Master Indenture requires that the Obligated Group calculate the Days' Cash on Hand of the Obligated Group as of February 28 (or February 29 in a leap year) and August 31 of each Fiscal Year, commencing August 31, 2020 (each such date being a "Testing Date"). The Obligated Group shall deliver an Officer's Certificate setting forth such calculation as of February 28 (or February 29 in a leap year) to the Master Trustee not less than 45 days after such February 28 (or February 29 in a leap year) and include such calculation as of August 31 in the Officer's Certificate delivered pursuant to the Master Indenture.

"Days' Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Expenses (including interest on Indebtedness but excluding provisions for bad debt, amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending February 28 (or February 29 in a leap year) and August 31, as derived from the quarterly financial statements required to be delivered pursuant to the Master Indenture, by 365. Cash and Investments is defined as the sum of cash, cash equivalents, marketable securities of the Obligated Group

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\* Preliminary, subject to change.

Members, including without limitation board-designated assets, and any amounts, if any, on deposit in the Working Capital Fund, the Liquidity Support Fund and the Minimum Liquid Reserve Accounts, but excluding (a) trustee-held funds other than those described above, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group.

Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 150 Days' Cash on Hand (the "Liquidity Requirement"). Notwithstanding any other provision of the Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth below for retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. See "SECURITY FOR THE SERIES 2020 BONDS – Financial Covenants – Liquidity Covenant" herein for a further description, including a description of the actions required to be taken if such covenant is not met on a Testing Date.

***Marketing and Occupancy Requirements.*** Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2020 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy for the Phase II Expansion, the Master Indenture requires the Obligated Group to use its best efforts to maintain the percentage of the New Independent Living Units that are reserved with 10% deposits, or for which all related Entrance Fees have been paid, so as to meet certain Marketing Requirements. Commencing with the first fiscal quarter that ends not less than 60 days following the issuance of the first certificate of occupancy for the first building that is part of Sinai Residences containing the New Independent Living Units, and ending with the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group is required to use its best efforts to have occupied (i.e. all related Entrance Fees have been paid) the percentage of the total number of all New Independent Living Units, so as to be in compliance with certain Occupancy Requirements. See "SECURITY FOR THE SERIES 2020 BONDS – Financial Covenants – Marketing Covenant" and "– Occupancy Covenant" herein for a further description, including actions required to be taken if such covenants are not met.

***Management Company and Marketing Consultant.*** The Obligated Group is required to engage a Manager and a Marketing Consultant (which may be the same firm) at all times so long as any Obligation remains outstanding. Under certain circumstances, the Members of the Obligated Group are required to retain a new Manager or Marketing Consultant or both. See "SECURITY FOR THE SERIES 2020 BONDS – Financial Covenants – Management Company and Marketing Consultant" herein.

***Rating Solicitation Covenant.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Corporation covenants that it will seek a rating after (i) the fiscal quarter following the Stable Occupancy of the Phase II Expansion or (ii) the fiscal quarter ending August 31, 2026 (whichever is earlier), and for so long as either the Series 2014 Bonds or the Series 2020 Bonds remain outstanding (provided a determination is made by the Corporation, in consultation with the Initial Underwriter, that an investment grade rating is reasonably obtainable), each year. If the Obligated Group Representative receives a preliminary indication from a Rating Agency that the Series 2014 Bonds or the Series 2020 Bonds will not be assigned an investment grade rating, the Corporation is required to withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014 Bonds and the Series 2020 Bonds.

***Approval of Consultants.*** If at any time the Members of the Obligated Group are required to engage a Consultant pursuant to the Master Indenture, such Consultant shall be engaged in the manner set forth below.

Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, notify the Holders of all Obligations Outstanding under the Master Indenture of such selection. Such notice (which shall be provided by the Obligated Group Representative) shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged and (iii) state that the Holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Holder submits an objection to the



selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of any objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of Section 4.29 of the Master Indenture.

When the Master Trustee notifies the Holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required by the paragraph above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of Section 4.29 of the Master Indenture.

The 15-day notice period described above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this section.

***Consultant's Report.*** Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee and owners of the Series 2020 Bonds will be given independent access to the Consultant. Within 21 days after a Consultant is required to be retained, the Corporation will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Corporation, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Corporation. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Corporation shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

***Needs Assessment Analysis.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, commencing on August 31, 2021 and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as Sinai Residences or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the applicable five (5) Fiscal Year period (or such shorter

period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

Under the terms of the Original Master Indenture, the first needs assessment analysis for the Phase I Project was due in May 2019, but it was inadvertently not performed. During COVID-19, a needs assessment cannot be performed for health and safety reasons. As part of the amendments to the Master Indenture, the first needs assessment analysis is required to be provided on or before August 1, 2021.

**Actuarial Study.** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, during the Fiscal Year ending August 31, 2020, and at least once every three Fiscal Years thereafter, the Obligated Group Representative, at the Obligated Group's expense, shall provide a summary of the actuarial study described below to each Member, each Required Information Recipient, which summary shall contain the key results and parameters of such report. The actuarial study shall be prepared by a Consultant and include (i) the amount, if any, of the Obligated Group's obligations to provide services under the Residence and Care Agreements anticipated to be in excess of those that could be satisfied using the rates, fees and charges for Sinai Residences and (ii) recommendations, if any, with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to enable the Obligated Group to satisfy such obligations. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by applicable law.

The Corporation expects to complete its first actuarial study on or about August 31, 2020.

**Incurrence of Indebtedness.** Pursuant to the Master Indenture, the Obligated Group agrees to restrictions on the incurrence of additional indebtedness, as more fully described under the captions "SECURITY FOR THE SERIES 2020 BONDS – Additional Indebtedness" herein and "FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture" in Appendix D hereto. To the extent that the conditions provided in the Master Indenture are met, such indebtedness may be secured on a parity basis with the Series 2020 Obligations.

### **Financial Feasibility Study**

Dixon Hughes Goodman LLP, independent certified public accountants, has prepared the Financial Feasibility Study dated August 17, 2020 (the "Financial Feasibility Study"), included as Appendix C hereto.

The Financial Feasibility Study includes management's financial forecast for the six years ending August 31, 2025. As stated in the Financial Feasibility Study, forecasted results usually differ from actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein. See Appendix C hereto. The following information on the table below has been extracted from the Financial Feasibility Study included in Appendix C hereto.

Forecasted Financial Ratios  
For the Year Ending August 31  
(In Thousands, Except for Ratios)

<b>Long-Term Debt Service Coverage Ratio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Operating loss	\$ (5,800)	\$ (3,655)	\$ (15,261)	\$ (16,153)	\$ (13,168)	\$ (12,997)
Deduct:						
Entrance fee amortization	(2,321)	(2,416)	(2,711)	(3,125)	(3,425)	(3,648)
Contributions - land	-	(7,500)	-	-	-	-
Add:						
Marketing (initial Project costs)	731	596	596	596	248	-
Paycheck Protection Program loan forgiveness	2,180	-	-	-	-	-
CARES Act Provider Relief	834	-	-	-	-	-
Realized gain on investment	889	-	-	-	-	-
Depreciation	6,336	6,370	7,578	9,997	10,105	10,152
Interest expense	9,336	10,481	12,234	13,675	11,925	11,820
Entrance fees received - attrition (non-refundable)	1,607	3,131	3,601	4,387	4,904	5,304
Entrance fees received - attrition (refundable)	9,108	17,741	20,405	24,857	27,787	30,053
Refunds of entrance fees	(9,620)	(11,917)	(14,312)	(17,786)	(19,340)	(20,751)
Release from Coverage Support Fund	-	500	125	-	-	-
Project Start-Up Period Adjustments <sup>(a)</sup>						
Less: New Independent Living Units revenues	-	-	(797)	(6,717)	(8,339)	N/A
Less: Attrition entrance fees received, less refunds	-	-	(245)	(1,569)	(3,091)	N/A
Add: New Independent Living Unit expenses	-	43	2,142	5,340	5,996	N/A
Net Income Available for Debt Service	\$ 13,280	\$ 13,374	\$ 13,355	\$ 13,502	\$ 13,602	\$ 19,933
Maximum Annual Debt Service <sup>(b)</sup>	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 13,149
Maximum Annual Debt Service Coverage Ratio	1.29x	1.30x	1.30x	1.31x	1.32x	1.52x
<b>Maximum Annual Debt Service Coverage Ratio - Adjusted</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Net Income Available for Debt Service	13,280	13,374	13,355	13,502	13,602	19,933
Less: Release from Coverage Support Fund	-	(500)	(125)	-	-	-
Net Income Available for Debt Service - Adjusted	\$ 13,280	\$ 12,874	\$ 13,230	\$ 13,502	\$ 13,602	\$ 19,933
Maximum Annual Debt Service	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 13,149
Maximum Annual Debt Service Coverage Ratio - Adjusted <sup>(c)</sup>	1.29x	1.25x	1.28x	1.31x	1.32x	1.52x
<b>Days Cash on Hand</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cash and cash equivalents	\$ 4,930	\$ 5,197	\$ 5,830	\$ 6,622	\$ 6,911	\$ 7,078
Investments	13,738	19,174	20,340	27,215	31,271	35,786
Coverage Support Fund	-	255	130	130	-	-
Statutory Renewal and Replacement	3,546	3,837	3,970	4,168	4,613	5,046
Statutory Operating Reserve	3,886	3,837	3,970	4,168	4,613	5,046
Cash on hand	\$ 26,100	\$ 32,300	\$ 34,240	\$ 42,303	\$ 47,408	\$ 52,956
Total expenses	41,380	43,952	50,361	58,281	57,799	58,713
Less:						
Depreciation	(6,336)	(6,370)	(7,578)	(9,997)	(10,105)	(10,152)
Amortization of deferred financing costs	(153)	(1,314)	(1,245)	(193)	(193)	(193)
Amortization of original issue discount	(82)	(147)	(147)	(147)	(147)	(147)
Expenses, adjusted	34,809	36,121	41,391	47,944	47,354	48,221
Daily operating expenses	95	99	113	131	130	132
Days cash on hand	275	326	303	323	365	401

(a) For purposes of computing the annual debt service coverage ratio, revenue and expenses related to the Phase II Project are to be excluded from Net Income Available for Debt Service during the Phase II Project fill-up period.

(b) Forecasted maximum annual debt service for the years ending August 31, 2020 through August 31, 2024 is equal to the maximum annual debt service on the Series 2014 Bonds. Forecasted maximum annual debt service is equal to the aggregate maximum annual debt service on the Series 2014 Bonds and the Series 2020 Bonds in the first full year of stabilized Phase II Project occupancy (2025).

(c) Forecasted Maximum Annual Debt Service Coverage Ratio - Adjusted is calculated as the reduction of Net Income Available for Debt Service by amounts drawn from the Coverage Support Fund.

The above table should be considered in conjunction with the entire Financial Feasibility Study, included herein as Appendix C, to understand the Corporation's financial requirements and the assumptions upon which the Financial Feasibility Study is based. The realization of any financial forecast depends on future events the occurrence of which cannot be assured. Therefore, the actual results realized may vary from the Financial Feasibility Study. Such variation could be material. See Appendix C hereto.

### **Certain Bondholders' Risks**

**AN INVESTMENT IN THE SERIES 2020 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2020 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE SERIES 2020 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2020 BONDS.** Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, because the Series 2020 Bonds are payable solely from the revenues and assets of the Corporation and other money pledged to such payment, careful evaluation should be made of the assumptions and the rationale of the management of the Corporation described in the Financial Feasibility Study, and certain factors (including, but not limited to, the ability of the Corporation to attract residents and enter into Residence and Care Agreements and manage Sinai Residences in a manner that maintains high occupancy levels), that may adversely affect the ability of the Corporation to generate sufficient revenues to pay its expenses of operation, including the principal, premium, if any, and interest on the Series 2020 Bonds.

### **Continuing Disclosure**

Upon the issuance of the Series 2020 Bonds, the Corporation will execute and deliver a Continuing Disclosure Certificate for the benefit of the Holders of the Series 2020 Bonds. Pursuant to the Continuing Disclosure Certificate, the Corporation has agreed to provide certain operating and financial information annually and to provide notice of certain listed events. See "CONTINUING DISCLOSURE" herein and "FORM OF CONTINUING DISCLOSURE CERTIFICATE" in Appendix F hereto.

The Corporation has previously entered into an agreement with respect to the Series 2014 Bonds to provide continuing disclosure. Certain past information filings were filed after their respective deadlines, certain officer's certificates were not filed and certain financial and operating data was unintentionally omitted from certain filings. The Obligated Group has made a remedial filing with respect to the omitted financial and operating information. The Corporation fully anticipates satisfying all future disclosure obligations required pursuant to such undertakings.

### **Miscellaneous**

No dealer, broker, salesman or other person has been authorized by the Authority, the Corporation, or the Underwriter to give any information or to make any representations with respect to this offering, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Corporation since the date hereof.

This Official Statement contains a general description of the Series 2020 Bonds, the Authority, the Corporation, the Phase II Expansion, Sinai Residences and the plan of financing and sets forth certain provisions of the Bond Indenture, the Loan Agreement, the Master Indenture and the Mortgage. The description and summaries herein do not purport to be complete. The Authority has furnished only the information included herein under the sections entitled "SHORT STATEMENT – The Authority" and "INTRODUCTION – The Authority," "THE AUTHORITY," and "LITIGATION – The Authority." The Authority assumes no responsibility for the accuracy or completeness of any other information in this Official Statement. Persons interested in purchasing the Series 2020



Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which prior to the issuance of the Series 2020 Bonds may be obtained from the Underwriter and, following the issuance of the Series 2020 Bonds, will be held by the Bond Trustee at its designated corporate trust office.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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**OFFICIAL STATEMENT  
RELATING TO:**

**\$141,210,000\***  
**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**  
**REVENUE BONDS**  
**(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)**  
**SERIES 2020**

**CONSISTING OF:**

**\$54,110,000\***  
**SERIES 2020A**

**\$29,030,000\***  
**ENTRANCE FEE**  
**PRINCIPAL REDEMPTION**  
**BONDS<sup>SM</sup>**  
**SERIES 2020B-1**

**\$53,070,000\***  
**ENTRANCE FEE**  
**PRINCIPAL REDEMPTION**  
**BONDS<sup>SM</sup>**  
**SERIES 2020B-2**

**\$5,000,000\***  
**ENTRANCE FEE**  
**PRINCIPAL**  
**REDEMPTION BONDS<sup>SM</sup>**  
**SERIES 2020C**  
**(TAXABLE)**

**INTRODUCTION**

**Purpose of this Official Statement**

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by Palm Beach County Health Facilities Authority (the “Authority”) of its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020, consisting of \$54,110,000\* Revenue Bonds (the “Series 2020A Bonds”), \$29,030,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020B-1 (the “Series 2020B-1 Bonds”), \$53,070,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020B-2 (the “Series 2020B-2 Bonds” and together with the Series 2020A Bonds and the Series 2020B-1 Bonds, the “Tax-Exempt Bonds”), \$5,000,000\* Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020C (Taxable) (the “Series 2020C Bonds” or the “Taxable Bonds”) and, together with the Series 2020A Bonds, the Series 2020B-1 Bonds, and the Series 2020B-2 Bonds, the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant the laws of the State of Florida (the “State”) under the provisions of Chapter 154, Part III and Chapter 159, Part II, Florida Statutes, as amended (the “Act”), and pursuant to an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”) between the Authority and U.S. Bank National Association, as trustee (the “Bond Trustee”). Certain capitalized terms used herein are defined in “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in Appendix D hereto.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the hereinafter defined Master Indenture, Loan Agreement, Bond Indenture and the Mortgage. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to each document.

**The Authority**

The Authority is a unit of government and a body corporate and politic of the State, established and validly existing under the Act. See “THE AUTHORITY” herein.

**The Corporation**

Federation CCRC Operations Corp., a Florida not-for-profit corporation (the “Corporation” or the “Obligated Group Representative”) proposes to expand its existing continuing care retirement community known as

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\* Preliminary, subject to change

“Toby & Leon Cooperman Sinai Residences of Boca Raton”, located on approximately 21 acres of land on the Federation Campus in Boca Raton, Palm Beach County, Florida (the “Phase I Project”). The expansion consists of the construction of 111 independent living units (the “New Independent Living Units”) and related facilities, to be located on approximately 4.6 acres of land adjacent to the existing community (the “Phase II Expansion” and, together with the Phase I Project, “Sinai Residences”). Through August 17, 2020, 77 of the 111 planned New Independent Living Units (approximately 69.4%) are reserved by prospective residents of the Phase II Expansion. The Phase I Project contains 234 independent living units (the “Existing Independent Living Units” and collectively with the New Independent Living Units, the “Independent Living Units”), 48 assisted living units (the “Assisted Living Units”), 24 memory-support units (the “Memory Support Units”), 60 skilled nursing beds (the “Skilled Nursing Beds”) and common areas. See Appendix A hereto for a description of the Corporation, Sinai Residences and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

### **Security for the Series 2020 Bonds**

Pursuant to the Loan Agreement, the Corporation will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal, premium, if any, and interest on the Series 2020 Bonds. Pursuant to the Bond Indenture, the Authority has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.

The obligation of the Corporation to repay the loan from the Authority will be evidenced by promissory notes of the Corporation (the “Series 2020 Obligations”) issued under and entitled to the benefit and security of a Master Trust Indenture dated as of May 1, 2014 (the “Original Master Indenture”), between the Corporation and the Master Trustee, as supplemented and amended from time to time, including by Supplemental Indenture Number 1 dated as of May 1, 2014, Supplemental Indenture Number 2, dated as of March 1, 2019 and Supplemental Indenture Number 3 (“Supplemental Indenture Number 3”) dated as of September 1, 2020 (together, the “Supplemental Indentures” and together with the Original Master Indenture, the “Master Indenture”), between the Corporation and the Master Trustee. See “SECURITY FOR THE SERIES 2020 BONDS – The Master Indenture and the Mortgage.” See also “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in Appendix D hereto. The Corporation is currently the only member of the Obligated Group under the Master Indenture, but additional Obligated Group Members may be admitted to the Obligated Group (see “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture – Admission of Obligated Group Members” in Appendix D hereto). The Series 2020 Obligations will constitute joint and several, general obligations of the Obligated Group to pay amounts sufficient to pay principal or redemption price of and interest on the Series 2020 Bonds. The Series 2020 Obligations will be secured on a parity basis with the Series 2014 Obligations (defined herein), and with Obligations hereafter issued under the Master Indenture, except Subordinated Obligations, by a security interest in the Gross Revenues of the Obligated Group (including Entrance Fees and accounts receivable) and the funds established under the Master Indenture.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use to make payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow under Chapter



651, Florida Statutes, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

***Existing Parity Debt and Subordinate Debt under the Master Indenture***

***Parity Debt from the Phase I Project.*** On May 20, 2014, the Authority issued its \$213,785,000 aggregate principal amount of its Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014, consisting of five series as follows:

- \$120,735,000 principal amount of Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014A (the “Series 2014A Bonds”);
- \$14,000,000 principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014B (the “Series 2014B Bonds”);
- \$55,000,000 principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014C (the “Series 2014C Bonds”);
- \$3,050,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-1 (the “Series 2014D-1 Bonds”); and
- \$21,000,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-2 (the “Series 2014D-2 Bonds” and collectively with the Series 2014D-1 Bonds, the “Series 2014D Bonds” and together with the Series 2014A Bonds, the Series 2014B Bonds and the Series 2014C Bonds, the “Series 2014 Bonds”).

Obligations were issued under the Master Indenture to secure the Series 2014 Bonds (the “Series 2014 Obligations”). The proceeds of the Series 2014 Bonds were loaned to the Corporation and used, together with other available moneys, to finance the Phase I Project, including paying capitalized interest and funding debt service reserves.

As of August 1, 2020, \$119,560,000 of the Series 2014A Bonds and \$3,050,000 of the Series 2014D-1 Bonds are outstanding. The Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 are no longer outstanding. The last payment of principal on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds was paid on September 1, 2016.

***Parity Debt from Pre-Development Loan for the Phase II Expansion.*** On March 15, 2019, the Corporation obtained a taxable private non-revolving credit facility of up to \$8,100,000 from SunTrust Bank (now known as Truist) (the “Pre-Development Loan”) to finance pre-development costs of the Phase II Expansion. The Pre-Development Loan is secured by an Obligation issued under the Master Indenture, bears interest at a variable rate and will be paid in full from a portion of the proceeds of the Series 2020 Bonds.

In addition to the Pre-Development Loan, the Corporation has funded approximately \$10,433,882 of preliminary costs of the Phase II Expansion, of which approximately \$6,102,132\* is expected to be reimbursed with proceeds of the Series 2020 Bonds.

***The Federation Subordinated Obligation.*** In connection with the issuances of the Series 2014 Bonds, the Corporation issued a subordinate, promissory note (the “Federation Subordinated Obligation”) initially in the amount of \$3,000,000, but subject to an increase in the principal amount. The Federation Subordinated Obligation accrues interest at 4.0% per annum on the outstanding principal balance of the Federation Subordinated Obligation and the amount of unpaid accrued interest will not exceed the then outstanding principal balance of the Federation Subordinated Obligation. No payment of principal or interest shall be made on the Federation Subordinated Obligation unless the conditions set forth in the Master Indenture for Affiliate Payments (as proposed to be amended

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\* Preliminary, subject to change.

by Supplemental Indenture Number 3) are satisfied. No payments have been made to date on the Federation Subordinated Obligation. No payments have been made to date on the Federation Subordinated Obligation. See “Security for the Series 2020 Bonds – Financial Covenants” herein.

Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Obligated Group may make Affiliate Payments and payments on Affiliate Subordinated Indebtedness to the extent of any moneys remaining in the Working Capital Fund and transferred to the Obligated Group pursuant to Section 2.02 of Supplemental Indenture Number 3, so long as such payments are be subordinated to all payments due on any Obligations Outstanding.

The Series 2020 Obligations will also be secured on a parity basis with the Series 2014 Obligations and all Obligations hereafter issued under the Master Indenture, except Subordinated Obligations, by the Mortgage and Security Agreement dated May 21, 2014 (the “Original Mortgage”), as amended and supplemented from time to time, including by the Second Notice of Secured Additional Obligations and Spreader Agreement effective August 13, 2020 (the “Second Notice” and, together with the Original Mortgage, the “Mortgage”) from the Corporation to the Master Trustee granting a first lien and security interest in certain real property, improvements and equipment of the Corporation. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Mortgage” in Appendix D hereto. Subordinated Obligations will be secured by the lien and security interests created by the Master Indenture, but payment of Subordinated Obligations will be subordinated to payment of all other Obligations issued under the Master Indenture, including the Series 2020 Obligations. Subordinated Obligations are not secured by the Mortgage.

The lien and security interests created by the Master Indenture and the Mortgage may become subject to additional Permitted Encumbrances, as defined in the Master Indenture. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in Appendix D hereto.

For a complete description of the security for the Series 2020 Bonds, see “SECURITY FOR THE SERIES 2020 BONDS” herein.

THE SERIES 2020 BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE AUTHORITY, THE STATE, PALM BEACH COUNTY (THE “COUNTY”) OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2020 BONDS SHALL BE A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE INCOME, REVENUES, AND RECEIPTS DERIVED FROM THE TRUST ESTATE CREATED UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2020 BONDS OR TO THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO MAKE ANY APPROPRIATION TO PAY THE PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS. THE SERIES 2020 BONDS DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, THE COUNTY, OR THE AUTHORITY OR TAXING POWERS OF THE STATE OR THE COUNTY.

### **Certain Bondholders’ Risks**

AN INVESTMENT IN THE SERIES 2020 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2020 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS “SECURITY FOR THE SERIES 2020 BONDS” AND “CERTAIN BONDHOLDERS’ RISKS” HEREIN FOR A DISCUSSION OF CERTAIN WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2020 BONDS.

### **THE AUTHORITY**

The Authority is a public body corporate and politic and was created by resolutions adopted by the Board of County Commissioners of Palm Beach County, Florida on April 12, 1977 and April 19, 1977 pursuant to the Act

in response to a need for assistance in the development and maintenance of not-for-profit health care facilities within the County. The Authority has no taxing power, and neither the State, the County, nor any political subdivision of the State is any way liable for any payment of principal, interest or redemption premium on bonds or notes issued by the Authority. Members of the Authority receive no compensation but are reimbursed for necessary expenses.

Pursuant to the Act, the Board of County Commissioners appointed five residents of the County as members of the Authority. Upon expiration of their terms, the Board of County Commissioners is to appoint successors for terms of four years each. Members are eligible for reappointment. The members of the Authority are:

<b><u>Member</u></b>	<b><u>Occupation</u></b>
Gerald N. Robinson, M.D.	Physician and Group Practice Administrator
James T. Howell, M.D.	Physician and University Professor
Tenna Wiles	Executive Director of County Medical Society
Jean E. Roude	Retired Businesswoman
Yolette Bonnet	CEO of Federally Qualified Health Center

No member of the Authority is affiliated with the Corporation. The Authority has issued and has outstanding other issues of revenue bonds. None of such issues are payable from the revenues or secured by the security of the Series 2020 Bonds. The Authority may continue to issue other series of bonds for the purpose of financing projects for other health care facilities, which other series of bonds will be secured by and payable from the revenues of such other health care facilities.

#### **THE CORPORATION, SINAI RESIDENCES AND THE PHASE II EXPANSION**

The Corporation is a Florida not-for-profit corporation. The Corporation has been determined by the IRS to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. The Corporation received a determination letter from the IRS dated February 13, 2013 stating that the Corporation is a charitable organization as described in the Code.

The Phase II Expansion consists of the construction of 111 independent living units and related facilities. Through August 17, 2020, 77 of the 111 planned New Independent Living Units (approximately 69.4%) are reserved by prospective residents of the Phase II Expansion.

See “Marketing and Presales” below. See also Appendix A hereto for a description of the Corporation, Sinai Residences and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

#### **The Federation - Background**

In 2009, the Jewish Federation of South Palm Beach County, Inc. (the “Federation”), established the Corporation to develop and operate Sinai Residences. The Federation, a Florida not-for-profit corporation, was incorporated in November 1979 as a not-for-profit charitable organization described under Section 501(c)(3) of the Code. The Federation serves the communities of Boca Raton, Delray Beach and Highland Beach in the southern portion of Palm Beach County, Florida. The Federation’s purpose is to further the welfare of the Jewish community in Palm Beach County, Florida, in Israel and in more than sixty countries around the world through fundraising, financial support and the delivery of philanthropic services.

The Federation operates an approximately 100-acre campus (the “Federation Campus”) in Boca Raton, with a main address of 9901 Donna Klein Blvd, Boca Raton, FL 33428. The Federation Campus currently consists of approximately one-million square feet of office and community facilities, including administration and family services departments, Sinai Residences, the Katz Yeshiva High School, the Donna Klein day school/early childhood center, the Adolph & Rose Levis Jewish Community Center, space for cultural activities and a health and physical fitness center that includes a basketball gymnasium, tennis courts and a swimming pool. The Harry & Jeanette Weinberg House and the Shirley H. Gould House, also located on the Federation Campus, are rental housing communities for low-income seniors and handicapped individuals.

The Federation provides charitable services through (i) the Adolph & Rose Levis Jewish Community Center, (ii) the Donna Klein Jewish Academy, a private K-12 school, (iii) the Jewish Association for Residential Care and (iv) the Ruth Rales Jewish Family Services. In addition, the Federation provides programs and services through (1) the Jewish Community Foundation, which provides opportunities to support the continuity of Jewish life in south Palm Beach County, Florida, (2) the Jewish Community Relations Council, the public-policy and social-action arm of the Federation that works to unite the organized Jewish community, and (3) the Jewish Education Department, which provides Jewish learning opportunities for people of all ages. Finally, the Federation works with a variety of affiliated-member and beneficiary-member agencies and organizations such as local temples and synagogues, as well as the American Jewish Committee, the Anti-Defamation League, Community Kollel, Hillel Day School, the Solomon Schechter Day School of Palm Beach County, and the Torah Academy of Palm Beach County Yeshiva High School. See Appendix A hereto for a description of the Corporation, the Federation, Sinai Residences and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

**THE FEDERATION IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OR INTEREST ON THE SERIES 2020 OBLIGATIONS OR THE SERIES 2020 BONDS. THE FEDERATION HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PHASE II EXPANSION OR SINAI RESIDENCES. THE FEDERATION HAS NO OBLIGATION TO ADVANCE FUNDS TO THE CORPORATION.**

*Federation Subordinated Obligation.* The Corporation issued a subordinate, promissory note (the “Federation Subordinated Obligation”) initially in the amount of \$3,000,000 issued at issuance of the Series 2014 Bonds. The Federation Subordinated Obligation accrues interest at 4.0% per annum on the outstanding principal balance of the Federation Subordinated Obligation and the amount of unpaid accrued interest will not exceed the then outstanding principal balance of the Federation Subordinated Obligation. No payment of principal or interest shall be made on the Federation Subordinated Obligation unless the conditions set forth in the Master Indenture for Affiliate Payments (as proposed to be amended by Supplemental Indenture Number 3) are satisfied. The Obligated Group may make Affiliate Payments and payments on Affiliate Subordinated Indebtedness to the extent of any moneys remaining in the Working Capital Fund and transferred to the Obligated Group pursuant to Section 2.02 of Supplemental Indenture Number 3, so long as such payments are be subordinated to all payments due on any Obligations Outstanding. No payments have been made to date on the Federation Subordinated Obligation.

See Appendix A hereto for a description of the Corporation, the Federation and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

## **History of Sinai Residences**

In 2007, the Federation identified a need for a continuing care retirement community (“CCRC”) to serve the medical, residential and other care needs of an aging population in south Palm Beach County. From 2007 to 2009, the Federation evaluated a number of alternatives for development of the Phase I Project and assembled a project team experienced in the development and financing of CCRCs. After several years of planning the Phase I Project, the Corporation completed construction in 2016. Residents commenced moving in beginning January 2016, and the final units became available for occupancy in October 2016. The Phase I Project contains 234 Existing Independent Living Units, 48 Assisted Living Units, 24 Memory Support Units, 60 Skilled Nursing Beds and common areas. The Existing Independent Living Units were available for occupancy in January 2016 and were largely occupied within six months, with 100% occupancy occurring 11 months after the opening of the Phase I Project.

Common area features in the Phase I Project include several living areas, multiple distinct dining areas, a large multi-purpose center, a library, a business center and conference room, a bank, a gift shop, a mail room, an arts and crafts center, game and activity rooms, multiple resident lounges, roof gardens, and a wellness pavilion that includes a pool, exercise/fitness rooms, salon and spa, and a café, and various other community spaces. The Phase I Project includes attractive landscape features, including water features at the front drive, courtyards surrounded by residences and a central, hardscaped cortile surrounded by the resident dining and other common area amenities. The gross square footage of the Phase I Project is approximately 615,000 square feet, including an approximately 90,000 square-foot parking garage with 102 parking spaces, plus on-site surface parking.

The Phase II Expansion consists of approximately 111 New Independent Living Units and related facilities. In May 2019, the Florida Office of Insurance Regulation (“OIR”), approved the expansion of Sinai Residences, which allowed the Corporation to accept deposits in marketing the Phase II Expansion.

### **Marketing and Presales**

In July 2019, the Corporation began collecting deposits for reservations of the New Independent Living Units equal to 10% of the Entrance Fee (the “Reservation Deposit”). Through August 17, 2020, 77 of the 111 planned New Independent Living Units (approximately 69.4%) are reserved by prospective residents who have executed a reservation agreement (the “Reservation Agreement”), provided a self-disclosure of his or her health and finances and made a Reservation Deposit on the selected New Independent Living Unit. The Reservation Deposit, plus any interest earnings actually earned on the Reservation Deposit, is 100% refundable if the Reservation Agreement is involuntarily terminated or if terminated for voluntary reasons within 30 days from the date of the Reservation Agreement. If the resident terminates the Reservation Agreement for voluntary reasons after 30 days from the date of the Reservation Agreement, the Corporation will refund the Reservation Deposit plus any interest earnings actually earned on the Reservation Deposit less a forfeiture penalty equal to 2.00% of the Entrance Fee (20% of the Reservation Deposit).

Prior to taking occupancy, a prospective resident must execute a Residence and Care Agreement (a “Residence and Care Agreement” or “Residency Agreement”) and pay the Entrance Fee. The prospective resident must pay the remaining 90% of the Entrance Fee not later than 60 days after the date that the Corporation sends written notice to the resident that the Independent Living Unit chosen is or will be ready for occupancy.

In connection with the Financial Feasibility Study, the depositors as of the date of the Financial Feasibility Study reported a median net worth of approximately \$4,593,000 and median annual income of approximately \$222,000. The average age of all depositors is approximately 85 years of age.

The Phase II Expansion has been marketed to prospective residents through a phased marketing program, which included a mail survey and lead generation program, a “Friends Program,” a “Priority Program” and currently, a reservation program. See “THE PHASE II EXPANSION” and “SINAI RESIDENCES – Entrance Fees and Monthly Service Fees” in Appendix A hereto.

### **The Project Site**

The Corporation will construct the Phase II Expansion on approximately 4.6 acres of land, adjacent to the existing Sinai Residences facilities (the “Phase II Expansion Site” and together with the existing 21 acres of land of the Phase I Project, the “Project Site”). The Jewish Community Facilities Corporation (“Facilities Corporation”) is donating the Phase II Expansion Site to the Corporation. CBRE, Inc., Miami, Florida, prepared an appraisal for the Phase II Expansion Site (the “Appraisal”). The Appraisal concluded that the Phase II Expansion Site has an “as-is” value of approximately \$7,500,000. During the period of the offering of the Series 2020 Bonds, a copy of the Appraisal is available from the Underwriter, upon request.

### **Shared Services – Reciprocal Easement Agreement**

The Corporation, together with the Facilities Corporation and other organizations located on the Federation campus, entered into a Reciprocal Easement and Cost Sharing Agreement (the “Easement Agreement”) in connection with the Phase I Project, which will extend to the Phase II Expansion upon its completion. The Easement Agreement provides vehicle and pedestrian access to the Phase II Expansion Site across the Federation Campus. In addition, the Easement Agreement provides that Sinai Residences benefit from a number of services provided by Facilities Corporation and the Federation for the Federation Campus. These services include security services, maintenance of the roads on the Federation Campus, storm water management services, perimeter landscaping, fencing, signage and other amenities located on the Federation Campus. As a party to the Easement Agreement, the Corporation is and will be obligated to pay its share of the costs for the services provided by Facilities Corporation. Expenses incurred under the Easement Agreement are allocated primarily based upon the acreage owned by the parties that is subject to the Easement Agreement. Management of the Corporation has included its estimate of Sinai Residences’ share of the expenses under the Easement Agreement in the forecasts provided in the Financial



Feasibility Study included in Appendix C hereto. See “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

### **The Federation Development Agreement**

The Corporation and the Federation have entered into a Development Agreement, dated as of September 1, 2020 (the “Federation Development Agreement”), for certain development services being performed by the Federation. Under the Federation Development Agreement, the Federation will receive a \$5,000,000 development fee (the “Federation Development Fee”), payable as follows: (i) 50% is due concurrently with the closing of the financing for the Phase II Expansion, (ii) 30% is due when the Phase II Expansion is 50% complete, and (iii) 20% is due upon the payment in full of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. The Federation Development Agreement is not being collaterally assigned in connection with the issuance of the Series 2020 Bonds.

### **The Development Consultant**

The Corporation and LCS Development, LLC (the “Development Consultant”) have entered into a Development Consulting Services Agreement dated as of March 5, 2018, as amended on December 20, 2018 (the “Development Consultant Agreement”) pursuant to which the Development Consultant is providing development, consulting and other services related to the Phase II Expansion.

The Development Consultant provides services for the development, expansion and repositioning of CCRCs and other senior living communities. The Development Consultant provides services for every phase of senior living development: planning, design, sales and construction. The Development Consultant helps build community occupancy, drive presales and conversion sales, manage buyer retention, assist with resident move-in, and develop marketing and sales budgets. Specifically, the Development Consultant provides the following services to its clients: market research; new development site selection and planning; team-building and planning; financial feasibility and modeling; analysis of financing alternatives; program development; long-range planning; construction management; design management; construction management site planning; comprehensive management of the development process; master planning services; occupancy development; and redevelopment.

As compensation, the Development Consultant will be paid a lump sum amount based upon 3.75% of the Capital Costs (as defined in the Development Agreement) for the Phase II Expansion. The anticipated maximum Capital Costs are not to exceed \$160,000,000. The Development Fee will be paid in 17 installments during the predevelopment and development phase.

Under the terms of the Development Agreement, the Development Consultant will also be paid an additional amount as a one-time incentive closing fee (the “Incentive Fee”), based upon timing of initial sale closings. The amount of the Incentive Fee shall be equal to one of the following, whichever is applicable: (i) \$500,000 for achieving initial closings of 90% of the units of the Phase II Expansion within seven months after the first date on which the Phase II Expansion is available for resident occupancy as mutually agreed by the Development Consultant and the Corporation (the “Occupancy Availability Date”), (ii) \$350,000 for achieving initial closings of 90% of the units of the Phase II Expansion within 10 months after the Occupancy Availability Date or (iii) \$200,000 for achieving initial closings of 90% of the units of the Phase II Expansion within 13 months after the Occupancy Availability Date. The Incentive Fee shall be paid within 30 days following the month of which 90% initial sales is achieved. See “THE PHASE II EXPANSION – Development” and “– Development Consulting Services Agreement” in Appendix A hereto.

### **The Management Company**

Life Care Services LLC, d/b/a Life Care Services<sup>TM</sup>, an Iowa limited liability company (the “Manager” or “LCS”) has managed Sinai Residences since its opening. The Corporation and the Manager have entered into a new Management Agreement dated as of September 1, 2020 (the “Management Agreement”) pursuant to which the Manager is serving as the manager of Sinai Residences, and in connection therewith, to recommend and regularly evaluate policies and goals of the Corporation, implement the policies, budgets, directives and goals for Sinai Residences established by the Corporation, manage the day to day operations of Sinai Residences in accordance

with the Corporation's policies, directives and goals, provide the Corporation with relevant information as to past operations, and make recommendations as to the future operation of Sinai Residences.

The Manager is a wholly-owned subsidiary of Life Care Companies LLC ("LCC"), an Iowa limited liability company. LCC has experience with the planning, developing, and managing of senior living communities throughout the United States since 1971. The Manager and its affiliates manage 129 retirement communities serving over 34,000 residents in 33 states and the District of Columbia, ranging in size from 60 units to over 1,700 units. LCS manages retirement communities owned by for-profit and nonprofit sponsors. LCS is the third largest manager of retirement communities in the United States measured by total number of units.

The Manager provides management services from its home office in Des Moines, Iowa and regional offices in Charlotte, North Carolina; Indianapolis, Indiana; Delray Beach, Florida; San Diego, California; and St. Louis, Missouri.

The Manager and the Development Consultant are affiliated entities.

See "MANAGEMENT OF SINAI RESIDENCES" in Appendix A hereto.

### **PLAN OF FINANCING**

***Application of Series 2020 Bond Proceeds.*** The proceeds of the Series 2020 Bonds will be loaned by the Authority to the Corporation and will be used, together with other available moneys, to (i) pay or reimburse the Corporation for a portion of the costs of the Phase II Expansion, including repayment of a predevelopment private loan, (ii) fund the Debt Service Reserve Fund for the benefit of the holders of the Series 2020 Bonds; (iii) fund interest on the Series 2020 Bonds; and (iv) pay a portion of the costs of issuance of the Series 2020 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

***Application of Initial Entrance Fees.*** The Master Trustee will establish and maintain a separate fund (the "Entrance Fee Fund") for the deposit of Entrance Fees received upon the initial occupancy of any New Independent Living Unit not previously occupied ("Initial Entrance Fees") and not required to be held in a separate escrow account pursuant to State law. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Obligations (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture. See "SECURITY FOR THE SERIES 2020 BONDS" herein.

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## ESTIMATED SOURCES AND USES OF FUNDS

The following is the estimated sources and uses of funds in connection with the issuance of the Series 2020 Bonds.

### Sources of Funds\*

Series 2020A Bonds	\$54,110,000
Series 2020B-1 Bonds	29,030,000
Series 2020B-2 Bonds	53,070,000
Series 2020C Bonds	5,000,000
Net Original Issue Premium/Discount	(2,090,269)
Equity for Costs of Issuance	489,567
Equity for Coverage Support Fund	<u>755,000</u>
Total Sources of Funds	<u>\$140,364,298</u>

### Uses of Funds\*

Project Fund Deposit	\$100,947,585
Payment of Pre-Development Loan	8,100,000
Reimbursement of Pre-Finance Equity <sup>1</sup>	6,102,132
Coverage Support Fund Deposit	755,000
Funded Interest <sup>2</sup>	13,025,475
Debt Service Reserve Fund	8,142,798
Costs of Issuance <sup>3</sup>	<u>3,291,308</u>
Total Uses of Funds	<u>\$140,364,298</u>

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\* Preliminary, subject to change.

<sup>1</sup> Prior to closing, the Corporation has funded approximately \$10,433,882 of preliminary costs (excluding the \$8,100,000 that was financed with the Pre-Development Loan) of the Phase II Expansion, of which approximately \$6,102,132\* is expected to be reimbursed with proceeds of the Series 2020 Bonds.

<sup>2</sup> Interest on the Series 2020 Bonds for approximately 27 months.

<sup>3</sup> Includes Underwriter's discount, the Authority, trustee, legal, accounting and other professional fees, printing and other miscellaneous expenses relating to the issuance and sale of the Series 2020 Bonds.

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## **THE SERIES 2020 BONDS**

### **General**

The Series 2020 Bonds will be issued only in fully registered form without coupons in the denominations of \$5,000 or any integral multiple thereof. The Series 2020 Bonds will be dated the date of their issuance and delivery, and will accrue interest from their date, except as otherwise provided in the Bond Indenture. The Series 2020 Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the rate set forth on the inside cover page hereof, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2020 (each, an “Interest Payment Date”) until maturity or prior redemption, and mature on the dates set forth on the inside cover page hereof.

The Series 2020 Bonds provide that no recourse under any obligation, covenant or agreement contained in the Bond Indenture, or in any Series 2020 Bond, or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, will be had against any past, present or future director, incorporator, officer, agent, employee or representative of the Authority. None of the directors, incorporators, officers, agents, employees or representatives of the Authority, past, present or future, will be personally liable under the Series 2020 Bonds or the Bond Indenture, or be subject to any personal liability by reason of the issuance of the Series 2020 Bonds or the Bond Indenture, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of the Series 2020 Bonds.

So long as DTC acts as securities depository for the Series 2020 Bonds, as described under the “BOOK-ENTRY SYSTEM” herein, all references herein to “Owner,” “owner,” “Holder” or “holder” of any Series 2020 Bonds or to any Series 2020 “Bondowner,” “Bondholder,” “bondowner” or “bondholder” are deemed to refer to Cede & Co., as nominee for DTC, and not to Participants, Indirect Participants or Beneficial Owners (as defined herein), except under “TAX MATTERS” herein.

### **Payment of Principal and Interest**

While the Series 2020 Bonds are in the book-entry only system, the method and place of payment will be as provided in the book-entry-only system hereinafter described under “Book-Entry Only System.” If the book-entry only system for the Series 2020 Bonds is discontinued, the method and place of payment will be as follows:

The principal or redemption price of and interest on the Series 2020 Bonds is payable in lawful money of the United States of America at the Payment Office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and surrender of the Series 2020 Bonds. Payment of interest on each Series 2020 Bond will be made to the person in whose name such Series 2020 Bond is registered on the Bond Register at the close of business on the applicable Record Date and is required to be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner’s address as it appears on the bond register or (ii) as to any registered owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds who so elects, by wire transfer of funds. In the event of default in the payment of interest due on such Interest Payment Date, defaulted interest will be payable to the person in whose name such Series 2020 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest established by notice mailed by the Bond Trustee to the registered owners of Series 2020 Bonds not less than ten days preceding such Special Record Date.

### **Transfers and Exchanges; Persons Treated as Owners**

The Series 2020 Bonds are exchangeable for an equal aggregate principal amount of fully registered Series 2020 Bonds of the same maturity and in authorized denominations at the designated office of the Bond Trustee but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

The Series 2020 Bonds are fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of the Series 2020 Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2020 Bond of authorized denomination or denominations for the same aggregate principal amount and maturity will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2020 Bond after the mailing of notice calling such Series 2020 Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing except for Bondholders of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds.

As to any Series 2020 Bond, the person in whose name such Series 2020 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Series 2020 Bond will be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2020 Bond to the extent of the sum or sums paid.

### **Redemption Prior to Maturity**

***Optional Redemption of Series 2020A Bonds.*** The Series 2020A Bonds are subject to optional redemption prior to maturity by the Authority at the direction of the Corporation in whole or in part on June 1, \_\_\_\_\_ or on any date thereafter, at the redemption prices set forth below, together with accrued interest to the redemption date.

June 1, _____ to May 31, _____	_____ %
June 1, _____ to May 31, _____	_____ %
June 1, _____ to May 31, _____	_____ %
June 1, _____ and thereafter	_____ %

***Optional Redemption of Series 2020B-1 Bonds.*** The Series 2020B-1 Bonds are not subject to optional redemption prior to maturity.

***Optional Redemption of Series 2020B-2 Bonds.*** The Series 2020B-2 Bonds are not subject to optional redemption prior to maturity.

***Optional Redemption of Series 2020C Bonds.*** The Series 2020C Bonds are not subject to optional redemption prior to maturity.

***Entrance Fee Redemption of Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds.*** Initial Entrance Fees from the Phase II Expansion, after payment of any refunds and the deposits to the Working Capital Fund described under “PLAN OF FINANCING – Application of Initial Entrance Fees” have been made, are to be transferred from the Entrance Fee Fund to the Entrance Fee Redemption Account of the Bond Indenture on each February 15, May 15, August 15 and November 15 (each, an “Entrance Fee Transfer Date”). The Corporation may also deliver other available moneys to the Bond Trustee with directions to deposit such moneys into the Entrance Fee Redemption Account. The Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds are subject to redemption on each March 1, June 1, September 1 and December 1 (each, an “Entrance Fee Redemption Date”) from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds being redeemed plus the interest accrued thereon through the date of redemption.

The Bond Indenture requires that funds on deposit in the Entrance Fee Redemption Account be applied first to redeem the Series 2020C, second to redeem the Series 2020B-2 Bonds and third to redeem the Series 2020B-1 Bonds. Redemption of the Series 2020B-1 Bonds from funds on deposit in the Entrance Fee Redemption Account will not begin until the Series 2020B-2 Bonds and the Series 2020C Bonds have been paid in full. Redemption of the

Series 2020B-2 Bonds from funds on deposit in the Entrance Fee Redemption Account will not begin until the Series 2020C Bonds have been paid in full.

The principal amount of Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds to be redeemed on an Entrance Fee Redemption Date will be equal to the largest Authorized Denomination of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the day following the immediately preceding Entrance Fee Transfer Date.

***Mandatory Sinking Fund Redemption of Series 2020A Bonds.*** The Series 2020A Bonds maturing on June \_\_\_\_\_ are subject to mandatory sinking fund redemption from amounts deposited to the Principal Account of the Bond Fund established pursuant to the Bond Indenture, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, on June 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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(b) On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Series 2020A Bonds Outstanding maturing on the applicable maturity date, a principal amount of such Series 2020A Bonds equal to the Aggregate Principal Amount of such Series 2020A Bonds redeemable with the required sinking fund payment, and shall call such Series 2020A Bonds or portions thereof (\$5,000 or any integral multiple thereof) for redemption from the sinking fund on the next June 1, and give notice of such call. At the option of the Corporation to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2020A Bonds or portions thereof maturing on the applicable maturity date in an Aggregate Principal Amount desired by the Corporation or (ii) specify a principal amount of Series 2020A Bonds or portions thereof maturing on the applicable maturity date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Issuer and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2020A Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation to redeem Series 2020A Bonds of that same maturity on the next succeeding or any other sinking fund redemption date designated in writing by the Corporation. Any excess shall be credited against the next sinking fund redemption obligation to redeem Series 2020A Bonds of that same maturity. In the event that the Corporation shall avail itself of the provisions of clause (i) of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2020A Bonds or portions thereof to be canceled.

***Extraordinary Optional Redemption.*** The Series 2020 Bonds will be subject to extraordinary optional redemption by the Authority at the direction of the Corporation prior to their scheduled maturities, in whole or in part (proportionally among each series except as provided below) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events:

(a) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount, and the Corporation has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment; or

(b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any



final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Corporation under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

***Mandatory Redemption upon Determination of Taxability.*** The Tax-Exempt Bonds are subject to mandatory redemption in whole at a redemption price equal to (a) with respect to the Series 2020A Bonds, the then applicable redemption price under Section 5.01(a) of the Bond Indenture or the highest redemption price set forth in Section 5.01(a) the Bond Indenture with respect to the Series 2020A Bonds are not then subject to optional redemption, and (b) with respect to the Series 2020B-1 Bonds and Series 2020B-2 Bonds, 100%, in all cases applied to the principal amount of the Tax-Exempt Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if a mandatory redemption on account of a Determination of Taxability of less than all of the Tax-Exempt Bonds would result, in the Opinion of Bond Counsel, in the interest on the Tax-Exempt Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Tax-Exempt Bonds, then the Tax-Exempt Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” means: (a) the issuance of a statutory notice of deficiency by the IRS which holds in effect that an Event of Taxability has occurred, (b) the issuance of a proposed written adverse determination by the Internal Revenue Service (“IRS”) to the Corporation, which holds in effect that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Corporation has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (i) abandonment of the appeals process by the Corporation, (ii) the date on which such appeals process has been concluded adversely to the Corporation and no further appeal is permitted or (iii) twelve (12) months after the receipt by the Authority of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in Aggregate Principal Amount of the Tax-Exempt Bonds then Outstanding, (c) the deposit by the Corporation with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability (which means the date on which the interest on the Tax-Exempt Bonds is declared taxable for federal income tax purposes); the Corporation will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability, (c) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or (d) the deposit by Bond Counsel with the Bond Trustee of an unqualified opinion to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Tax-Exempt Bonds is excluded from gross income for purposes of federal income taxation.

***Mandatory Redemption of Series 2020A Bonds upon Completion of the Phase II Expansion.*** The Series 2020A Bonds are subject to mandatory redemption, on a pro rata basis, in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following the Completion Date at a redemption price equal to the aggregate principal amount of the Series 2020A Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Loan Agreement) are transferred to the Principal Account of the Bond Fund established pursuant to the Bond Indenture.

***Partial Redemption.*** In the event that less than all of the Series 2020 Bonds or portions thereof are to be redeemed, the Series 2020 Bonds to be redeemed shall be selected: first, from the Series 2020C Bonds; second, from the Series 2020B-2 Bonds, third, from the Series 2020B-1 Bonds and fourth, from the Series 2020A Bonds. In the event that less than all of the Series 2020 Bonds or portions thereof of a particular series are to be redeemed, the Corporation may select particular maturities of such series to be redeemed. If less than all Series 2020 Bonds or portions thereof of a single maturity are to be redeemed, they shall be selected by the Securities Depository in accordance with its procedure or by lot in such manner as the Bond Trustee may determine. If a Series 2020 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2020 Bond may be redeemed, but Series 2020 Bonds will be redeemed only in the principal amount of an Authorized Denomination and no Series 2020 Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination.

***Notice of Redemption.*** In case of every redemption, the Bond Trustee will cause notice of such redemption to be given by mailing by first-class mail, postage prepaid, a copy of the redemption notice to the owners of the Series 2020 Bonds designated for redemption, in whole or in part, at their addresses as the same last appear upon the registration books, in each case (other than Entrance Fee Redemption of Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds) not more than 60 nor less than 30 days (and in the case of Entrance Fee Redemption of Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds, 10 days) prior to the redemption date. In addition, notice of redemption will be sent by first class or registered mail, return receipt requested, or by overnight delivery service (1) contemporaneously with such mailing: (a) to any owner of \$1,000,000 or more in principal amount of the Series 2020 Bonds, and (b) to the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access website; and (2) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of the Series 2020 Bonds to be redeemed so that such notice is received at least two days prior to such mailing date. An additional notice of redemption will be given by certified mail, postage prepaid, mailed not less than 60 nor more than 90 days after the redemption date to any owner of the Series 2020 Bonds selected for redemption that has not surrendered the Series 2020 Bonds called for redemption, at the address as the same last appeared upon the registration books. Any notice of redemption is required to contain the information specified in the Bond Indenture. The failure to give any such notice, or any defect therein, will not affect the validity of any proceedings for the redemption of such Series 2020 Bonds. Upon the written direction of the Corporation, a notice of optional redemption shall contain a statement to the effect that the optional redemption of the Series 2020 Bonds is conditioned upon the receipt by the Bond Trustee, prior to the date fixed for such redemption, of amounts equal to the redemption price of the Series 2020 Bonds to be optionally redeemed, and that if such moneys shall not have been so received, the notice will be of no force and effect and the Authority shall not be required to redeem such Series 2020 Bonds and such Series 2020 Bonds shall not become due and payable.

***Purchase in Lieu of Redemption.*** In lieu of redeeming the Series 2020 Bonds, the Bond Trustee may, at the request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2020 Bonds to purchase Series 2020 Bonds in the open market at a price not exceeding the redemption price then applicable.

## **BOOK-ENTRY ONLY SYSTEM**

This section describes how ownership of the Series 2020 Bonds is to be transferred and how the principal of and interest on the Series 2020 Bonds are to be paid to and credited by DTC while the Series 2020 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Corporation and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The Corporation cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2020 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2020 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Series 2020 Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

### **General**

DTC, the world's largest 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 certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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”). DTC is rated AA+ by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the United States 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).

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2020 Bonds (“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 Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2020 Bonds representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC’s records show only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within a 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual

procedures, DTC mails an Omnibus Proxy to the 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 Series 2020 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption and interest payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority, the Bond Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Corporation or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

#### **Limitation**

For so long as the Series 2020 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Authority, the Corporation and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2020 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, references herein to the Holders or registered owners of the Series 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2020 Bonds, except in "TAX MATTERS" herein.

Because DTC is treated as the owner of the Series 2020 Bonds for substantially all purposes under the Bond Indenture, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Authority, the Corporation, the Bond Trustee or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2020 Bonds that may be transmitted by or through DTC.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee shall satisfy the Authority's obligations under the Bond Indenture and the Corporation's obligations under the Loan Agreement to the extent of the payments so made.

None of the Authority, the Corporation or the Bond Trustee shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2020 Bonds;
- (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any notice with respect to any Series 2020 Bond including, without limitation, any notice of redemption with respect to any Series 2020 Bond;

(iii) the payment to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any amount with respect to the principal or redemption price of, or interest on, any Series 2020 Bond; or

(iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system hereinabove described, the Authority, the Corporation and the Bond Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute Holder of the Series 2020 Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal or redemption price of and interest on and the Series 2020 Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2020 Bonds;
- (iii) registering transfers with respect to the Series 2020 Bonds; and
- (iv) the selection of Series 2020 Bonds for redemption.

The Authority and the Bond Trustee cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2020 Bonds, paid to DTC or its nominee, as the registered owner of the Series 2020 Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the Series 2020 Bonds, as nominee of DTC, references in this Official Statement to the Holders of the Series 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of Series 2020 Bonds for all purposes under the Bond Indenture, except in "TAX MATTERS" herein.

The Authority may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository relating to the book-entry system to be maintained with respect to the Series 2020 Bonds without the consent of Beneficial Owners or Bondholders.

### **Removal From the Book-Entry System**

DTC may discontinue providing its services as securities depository with respect to the Series 2020 Bonds at any time by giving written notice to the Authority, the Bond Trustee and the Corporation. The Authority or the Corporation, with the consent of the other, may terminate the services of DTC (or a successor securities depository). Upon the discontinuance or termination of the services of DTC, unless a substitute securities depository is appointed, Series 2020 Bond certificates will be printed and delivered to the Beneficial Owners of the Series 2020 Bonds.

In the event the Series 2020 Bonds are removed from the Book-Entry System, the principal of and the interest on the Series 2020 Bonds shall be payable to the persons in whose names the Series 2020 Bonds are registered on the Bond Register on the applicable Record Date. Payments of interest on the Series 2020 Bonds shall be made to the registered owner of the Series 2020 Bonds (as determined at the close of business on the Record Date next preceding the applicable Interest Payment Date) by check mailed on the Interest Payment Date and the principal amount of any Series 2020 Bond and premium, if any, together with interest payable other than a regularly scheduled Interest Payment Date, shall be made by check only upon presentation and surrender of the Series 2020 Bond on or after its maturity date or date fixed for redemption or other payment at the office of the Bond Trustee; provided, however, that payment of principal of, premium, if applicable, and interest on any Series 2020 Bond may be made by wire transfer as described above under the heading "THE SERIES 2020 BONDS – Payment of Principal and Interest."

## DEBT SERVICE SCHEDULE

The following table sets forth the estimated debt service schedule for the Series 2020 Bonds and the Series 2014 Bonds, including the principal of the Series 2020 Bonds and the Series 2014D-1 Bonds to be redeemed by mandatory sinking fund redemption. Pursuant to the Master Indenture, the Corporation anticipates prepaying the Series 2020C Bonds, the Series 2020B-2 Bonds and the Series 2020B-1 Bonds (in that order) from Initial Entrance Fees prior to their stated maturity. The actual timing of the prepayment of the Series 2020C Bonds, the Series 2020B-2 Bonds and Series 2020B-1 Bonds may differ from the assumptions below because of timing differences in the actual receipt of Initial Entrance Fees. The Series 2020 Bonds are subject to optional, mandatory, and extraordinary optional redemption. See “THE SERIES 2020 BONDS – Redemption Prior to Maturity” herein.

Bond Year Ending June 1	Series 2020A Bonds		Series 2020B-1 Bonds		Series 2020B-2 Bonds		Series 2020C Bonds		Series 2014 Bonds		Total
	Principal Payments	Interest	Expected Principal Payments <sup>1</sup>	Expected Interest <sup>1</sup>	Expected Principal Payments <sup>1</sup>	Expected Interest <sup>1</sup>	Expected Principal Payments	Expected Interest	Principal Payments <sup>2</sup>	Interest <sup>2</sup>	
2021									\$ 1,255,000	\$ 9,041,468	
2022									1,340,000	8,956,755	
2023									1,430,000	8,866,305	
2024									1,530,000	8,769,780	
2025									1,630,000	8,666,505	
2026									1,740,000	8,555,665	
2027									1,860,000	8,436,475	
2028									1,990,000	8,306,275	
2029									2,130,000	8,166,975	
2030									2,280,000	8,017,875	
2031									2,445,000	7,852,575	
2032									2,620,000	7,675,313	
2033									2,810,000	7,485,363	
2034									3,015,000	7,281,638	
2035									3,235,000	7,063,050	
2036									3,475,000	6,820,425	
2037									3,740,000	6,559,800	
2038									4,020,000	6,279,300	
2039									4,310,000	5,987,850	
2040									4,620,000	5,675,375	
2041									4,965,000	5,330,125	
2042									5,340,000	4,959,000	
2043									5,740,000	4,559,750	
2044									6,165,000	4,130,500	
2045									6,630,000	3,669,375	
2046									7,125,000	3,172,125	
2047									7,660,000	2,637,750	
2048									8,235,000	2,063,250	
2049									<u>19,275,000</u>	<u>1,445,625</u>	
Total	<u>\$54,110,000*</u>		<u>\$29,030,000*</u>		<u>\$53,070,000*</u>		<u>5,000,000*</u>		<u>\$122,610,000</u>	<u>\$186,432,267</u>	\$

\* Preliminary, subject to change.

<sup>1</sup> The amounts shown are estimates of Entrance Fee Redemptions. See “THE SERIES 2020 BONDS – Redemption Prior to Maturity - Entrance Fee Redemption of Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds” herein. Management has assumed that the entrance fees will not be released until 70% occupancy is achieved, however, management is confirming with OIR entrance fees required to be placed in escrow would be permitted to be released from escrow at 50% occupancy. See “SHORT STATEMENT – Application of Initial Entrance Fees” herein.

<sup>2</sup> For June 1, 2049, it is expected that amounts on deposit in the applicable Series 2014 Debt Service Reserve Fund will be utilized to pay debt service on the Series 2014 Bonds.



## SECURITY FOR THE SERIES 2020 BONDS

### General

The Series 2020 Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, pursuant to which the Authority will assign to the Bond Trustee (1) the Series 2020 Obligations, (2) certain rights of the Authority under the Loan Agreement, (3) the funds and accounts established under the Bond Indenture, but excluding the Rebate Fund, and (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for such Series 2020 Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or the Series 2020 Obligations (collectively, the “Trust Estate”). **The Trust Estate for the Series 2020 Bonds does not secure the Series 2014 Bonds, however, the Series 2014 Bonds are secured by Obligations issued under the Master Indenture.**

The proceeds of the Series 2020 Bonds will be loaned to the Corporation pursuant to the Loan Agreement. Under the Loan Agreement, the Corporation is required duly and punctually to pay the principal of, premium, if any, and interest on the Series 2020 Obligations, and to make payments to the Bond Trustee to maintain the Debt Service Reserve Fund at the required amount, to pay certain administrative expenses and to make certain other payments. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Loan Agreement” in Appendix D hereto.

The obligation of the Corporation to repay that loan will be evidenced by the Series 2020 Obligations of the Corporation issued pursuant to, and entitled to the benefit and security of, the Master Indenture. The Series 2020 Obligations will be secured on a parity basis with the Series 2014 Obligations and Obligations hereafter issued, by the Master Indenture and the Mortgage.

### Limited Obligations

The Series 2020 Bonds and the interest thereon are limited obligations of the Authority, payable solely from and secured exclusively by certain payments to be made by the Corporation under the Loan Agreement and certain other funds held by the Bond Trustee under the Bond Indenture and not from any other fund or source of the Authority.

THE SERIES 2020 BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE AUTHORITY, THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2020 BONDS SHALL BE A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE INCOME, REVENUES, AND RECEIPTS DERIVED FROM THE TRUST ESTATE CREATED UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2020 BONDS OR TO THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO MAKE ANY APPROPRIATION TO PAY THE PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS. THE SERIES 2020 BONDS DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, THE COUNTY, OR THE AUTHORITY OR TAXING POWERS OF THE STATE OR THE COUNTY.

### Loan Agreement

Pursuant to the Loan Agreement, the Corporation will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal of, premium, if any, and interest on the Series 2020 Bonds. Pursuant to the Bond Indenture, the Authority has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.

## **Bond Indenture**

The Series 2020 Bonds are to be issued pursuant to the Bond Indenture and, together with any Additional Bonds which may be issued from time to time under the Bond Indenture, will be equally and ratably secured thereby. Pursuant to the Bond Indenture, the Authority assigns to the Bond Trustee, for the equal and ratable benefit and security of all Bondholders, all of its right, title and interest in the payments to be made by the Corporation on the Series 2020 Obligations and under the Loan Agreement, except for the Authority's rights of reimbursement for expenses and indemnification, and grants to the Bond Trustee a security interest in the funds and accounts created by the Bond Indenture.

## **The Master Indenture and the Mortgage**

The Master Indenture is intended to provide assurance for the repayment of Obligations entitled to its benefits by imposing financial and operating covenants which restrict the Corporation and any other future Obligated Group Members and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such Obligations. Upon the issuance of the Series 2020 Bonds, the Series 2014 Obligations and the Series 2020 Obligations will be the only obligations presently entitled to the benefits of the Master Indenture. The holders of all Obligations entitled to the benefit of the Master Indenture, with the exception of the Subordinate Obligations, will be on parity with respect to the benefits of the Master Indenture. Pursuant to the Master Indenture, the Corporation and any future Obligated Group Members have pledged and granted to the Master Trustee (a) a security interest in all the Gross Revenues of the Obligated Group, with certain limited exceptions, (b) a security interest in all personal property owned or hereafter acquired by the Obligated Group, (c) a security interest in the amounts on deposit in the funds established under the Master Indenture, and (d) a security interest in any other property from time to time subjected to the lien of the Master Indenture. The lien and security interests created by the Master Indenture may become subject to additional Permitted Encumbrances, as defined in Appendix D hereto. See "FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture" in Appendix D hereto.

In connection with the execution of the Master Indenture, the Corporation executed the Original Mortgage as security for (a) the prompt payment of the principal of, premium, if any and the interest on the Obligations (except Subordinate Obligations) outstanding from time to time and (b) the performance by each Obligated Group Member of its other obligations under the Master Indenture and the Mortgage. The Original Mortgage has been amended by the Second Notice effective August 13, 2020.

The Mortgage creates a lien in certain real property, improvements and equipment of the Corporation. The Series 2020 Obligations, the Series 2014 Obligations and any future Obligations, except Subordinated Obligations, will be secured by the Mortgage on a parity basis. The lien and security interests created by the Mortgage may become subject to additional Permitted Encumbrances, as defined in Appendix D hereto. See "FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Mortgage" in Appendix D hereto.

The Series 2020 Obligations will constitute joint and several obligations of each Obligated Group Member. Currently, only the Corporation and the Master Trustee are parties to the Master Indenture and the Corporation is the only Obligated Group Member. The Corporation and each Obligated Group Member admitted in the future will be jointly and severally liable for the payment for all Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See "FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture – Admission of Obligated Group Members" and "– Withdrawal of Obligated Group Members" in Appendix D hereto for a description of the limitations on admission and release of Obligated Group Members.

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group's property, corporate existence, the maintenance of certain levels of insurance coverage, the incurrence of additional indebtedness, the sale or lease of certain property, and permitted liens. For a full description of these and other covenants, see "FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture" in Appendix D hereto.

## **Series 2020 Bondholders Deemed to Consent to Amendments to Master Indenture**

In connection with the issuance of the Series 2020 Bonds, certain provisions of the Master Indenture will be amended, including: (i) amendments to the definitions of “Manager,” “Marketing Consultant,” “Maximum Annual Debt Service Requirement,” “Project,” “Revenues” and “Stable Occupancy” (ii) the addition of definitions, including “2020 Construction Monitor,” “Series 2020 Bonds,” “Series 2020 Project” and “Supplemental Indenture Number 3”, (iii) provisions relating to Affiliate Payments and Affiliate Subordinated Indebtedness, (iv) the Debt Service Coverage Ratio Covenant, (v) provisions clarifying the annual, quarterly and monthly financial reporting requirements, (vi) the Liquidity Covenant, (vii) provisions relating to the transfer of cash to the Federation, (viii) provisions relating to the Needs Assessment Analysis, (ix) provisions relating to the Actuarial Study, (x) provisions relating to rating solicitations and (xi) making ineffective references to “Series 2014B Bonds,” “Series 2014C Bonds,” “Series 2014D-2 Bonds,” “Liquidity Support Agreement,” “Liquidity Support Fund” and “Series 2014D Liquidity Support Agreement” as well as covenants related to “Cumulative Cash Operating Loss,” “Occupancy Requirement,” and “Marketing Requirement” (as they relate or refer to the Phase I Project).

By their ownership interests in the Series 2020 Bonds, the Bondholders will be deemed to have consented to the amendments to the Master Indenture by their purchase of the Series 2020 Bonds. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Supplemental Indenture Number 3” in Appendix D hereto.

## **Assignment of Contract Documents**

The Corporation is executing the Assignment of Contract Documents dated as of September 1, 2020 (the “Assignment of Contract Documents”) for the benefit of the Master Trustee, as secured party. Under the Assignment of Contract Documents, the Corporation has collaterally assigned to the Master Trustee its rights under certain development, construction, consulting, and management contracts for the Phase II Expansion. Each of the other parties to such agreements has consented to the assignment and agreed that upon an Event of Default under the Master Indenture, such agreements may be enforced by the Master Trustee. The Federation Development Agreement will not be assigned to the Master Trustee.

## **Assignment of Residence and Care Agreements**

In connection with the issuance of the Series 2014 Bonds, the Corporation executed an Assignment of Leases, Rents and Residency Agreements dated as of May 1, 2014 (the “Original Assignment of Residency Agreements”) with the Master Trustee. Pursuant to the Original Assignment of Residency Agreements, the Corporation assigned to the Master Trustee all of Corporation’s right, title and interest in and to, (i) all present and future Residence and Care Agreements, (ii) any other commitment leases, subleases, lettings, licenses, contracts and other agreements under the terms of which any person acquires any right to use or occupy the real property subject to the Mortgage and (iii) all entrance fees, deposits, monthly service fees, rents, profits, proceeds and income due or to become due from tenants. In connection with the execution of the Second Notice and the amendment to the Original Mortgage, the Original Assignment of Residency Agreements is being amended by the First Amendment to Assignment of Leases, Rents and Residency Agreements, as of August 13, 2020, to include the Phase II Expansion Site.

## **Incurrence of Additional Indebtedness**

The Master Indenture permits the Obligated Group to incur Additional Indebtedness evidenced by Obligations that will be secured on a parity basis with the Series 2020 Obligations and therefore the Series 2020 Bonds. The circumstances under which such debt can be incurred are set forth in “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture – Permitted Additional Indebtedness” in Appendix D hereto.

## **Certain Amendments to Bond Indenture and Master Indenture After an Event of Default**

If an Event of Default under the Bond Indenture occurs, there may be an amendment made to the Bond Indenture that (a) changes the stated maturity of the principal of, or any installment of interest on, any Bond or any date for mandatory redemption thereof, or reduces the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or changes any place of payment where, or the coin or currency in which, any Bond or the interest thereon is payable, or impairs 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) reduces the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such supplemental indenture, or the consent of whose owners is required for any waiver (of compliance with certain provisions of the Bond Indenture or certain defaults under the Bond Indenture and their consequences) provided for in the Bond Indenture, or (c) modifies any of the provisions of Section 10.02 or Section 8.12 of the Bond Indenture, except to increase any such percentage or to provide that certain other provisions of the Bond Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby, with the consent of the holders of at least 80% in aggregate principal amount of all Outstanding Bonds with respect to which such amendment is made; provided, however, any such amendment shall not result in a preference or priority of Bonds over any other Bonds and no such amendment described in clauses (a) through (c) shall result in a disproportionate change, reduction or modification with respect to any Bonds.

If an Event of Default under the Master Indenture occurs, there may be an amendment made to the Master Indenture that (a) would change the stated maturity of the principal of, or any installment of interest on, any Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Obligations 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) would reduce the percentage in principal amount of the Outstanding Obligations, the consent of whose holders is required for any such Supplement, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Master Indenture or certain defaults thereunder and their consequences) provided for in the Master Indenture, or (c) would affect certain other provisions of the Master Indenture cannot be modified or waived without the consent of the Holder of each Obligation affected thereby. The Master Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made, with the consent of the Holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Related Bonds related to such Obligation; provided however, any such amendment shall not result in a preference or priority of any Obligation or Related Bonds over any other Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in clauses (a), (b) or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

See “CERTAIN BONDHOLDERS’ RISKS – Certain Amendments to Bond Indenture and Master Indenture.”

## **Funds and Accounts Held Under the Master Indenture and Bond Indenture**

The Series 2020 Bonds are secured by funds and accounts held under the Master Indenture and the Bond Indenture, including the following:

**Entrance Fee Fund.** (a) The Master Trustee will establish and maintain the Entrance Fee Fund for the deposit of Initial Entrance Fees. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Obligations (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture.

(b) The Members of the Obligated Group agree that each portion of an Initial Entrance Fee received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof as follows:

(i) prior to the release described in subsection (d) below, each transfer shall also be accompanied by (A) a copy of the related entrance fee receipt forwarded to the Chapter 651 Entrance Fee Escrow Agent (an “Entrance Fee Receipt”), and (B) written directions from the Obligated Group Representative to the Master Trustee indicating the amount of such Initial Entrance Fee that is to be deposited to the Entrance Fee Fund (the “Discretionary Amount”) and the amount of such Initial Entrance Fee that is to be transferred to the Chapter 651 Entrance Fee Escrow Agent for deposit to the Entrance Fee Escrow Account (the “Escrowed Amount”), such Discretionary Amount shall be deposited and applied by the Master Trustee in accordance with subsection (c) below;

(ii) upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (d) below; and

(iii) after the release described in subsection (d) below, the Initial Entrance Fees received by the Master Trustee shall be deposited and applied in accordance with subsection (e) below.

The Master Trustee shall be entitled to conclusively rely on the determination of the Obligated Group Representative as to the allocation of the Initial Entrance Fee between the amounts to be deposited to the Entrance Fee Fund and the Entrance Fee Escrow Account and shall have no duty or obligation to review or verify any of the information or calculations set forth in the Entrance Fee Receipt, except to confirm receipt of the amount set forth therein.

(c) The Discretionary Amount shall be deposited to the Entrance Fee Fund and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund and Entrance Fee Escrow Account. The Obligated Group Representative shall also provide a copy of such Officer’s Certificate to the Chapter 651 Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST of this subsection (c), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers, shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (c), on each February 15, May 15, August 15 and November 15 (or, if such day is not a Business Day, then on the next succeeding Business Day) (each, an “Entrance Fee Transfer Date”) any remaining amounts shall be transferred to the Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

After the transfers described above and in subsection (d) below have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(d) Once the Escrowed Amount, together with any other amount on deposit in the Entrance Fee Escrow Account, is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Chapter 651 Entrance Fee Escrow Agent to transfer the released amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Chapter 651 Entrance Fee Escrow Agent with a copy to the Master Trustee) and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the

Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer's Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (d), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c) and (d), shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (d), while any portion of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, amounts shall be transferred to the Series 2020 Bond to be transferred to the Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

After the transfers described above have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(e) After the release of Initial Entrance Fees by the Chapter 651 Entrance Fee Escrow Agent as described in subsection (d) above, all Initial Entrance Fees received by the Master Trustee will, subject to subsection (g) below, be deposited to the Entrance Fee Fund and on the first Business Day of each month thereafter (each, a "Review Date") the Master Trustee shall review the amount on deposit in the Entrance Fee Fund and shall apply moneys on deposit therein in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer's Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (e), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 of the Supplemental Indenture Number 3, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c), (d) and this subsection (e), shall not exceed \$4,000,000.

THIRD: After the transfers described in paragraphs FIRST and SECOND of this subsection (e) have been made, while any Series 2020B-1, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, the amount remaining shall be transferred to the Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture.

(f) Notwithstanding anything in the Master Indenture or the Supplemental Indenture Number 3 to the contrary, on each Entrance Fee Transfer Date the Master Trustee shall transfer Initial Entrance Fees to the Bond Trustee to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Bond Indenture, it being understood that redemption of the Series 2020B-1 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020B-2 Bonds are paid in full and that redemption of the Series 2020B-2 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020C Bonds are paid in full. Amounts transferred to the Bond Trustee pursuant to Section 2.01 of the Supplemental Indenture Number 3 shall be free and clear of any lien of the Master Indenture upon such transfer.

(g) After all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and Series 2020C Bonds have been redeemed or otherwise paid in full (as evidenced by written confirmation from the Bond Trustee delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group



need not deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

***Working Capital Fund.*** The Master Trustee will establish a Working Capital Fund pursuant to Supplemental Indenture Number 3. The Working Capital Fund may be funded, from time to time, in an aggregate amount not to exceed \$4,000,000, from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Working Capital Fund.

Under Supplemental Indenture Number 3, money in the Working Capital Fund will be available to pay (a) costs of completing the Phase II Expansion, (b) operating expenses of Sinai Residences, including any development and marketing fees, (c) the costs of needed repairs to Sinai Residences, (d) the costs of capital improvements to Sinai Residences, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residence and Care Agreements pursuant to which such Entrance Fees were received or (g) amounts due on any indebtedness of the Obligated Group (excluding Subordinated Indebtedness), including without limitation, the Series 2014 Obligations and the Series 2020 Obligations, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After all of the Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds have been paid in full and provided no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed. Amounts so transferred may be used by the Obligated Group to make Affiliate Payments pursuant to Section 3.07 of the Master Indenture.

See Appendix A hereto for a description of the Corporation, the Federation, Sinai Residences and the Phase II Expansion. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

***Debt Service Reserve Fund.*** A Debt Service Reserve Fund will be established under the Bond Indenture (the “Debt Service Reserve Fund”) and funded with the proceeds of the Series 2020 Bonds. There will be created four accounts within the Debt Service Reserve Fund: (i) a Series 2020A Account, (ii) a Series 2020B-1 Account, (iii) a Series 2020B-2 Account and (iv) a Series 2020C Account. Each account within the Debt Service Reserve Fund will be funded on the date of issuance of the Series 2020 Bonds (1) in the case of the Series 2020A Bonds, in the amount equal to the lesser of (a) the Maximum Annual Debt Service on the Series 2020A Bonds outstanding (which is defined to exclude the final year preceding final maturity of the Series 2020A Bonds), (b) 125% of the average annual debt service on the Series 2020A Bonds, and (c) 10% of the aggregate principal amount of the Series 2020A Bonds, calculated on the basis of each Bond Year and (2) in the case of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, in an amount equal to one year’s maximum interest thereon of the Series 2020B-1 Bonds and the Series 2020B-2 Bonds, respectively. The Debt Service Reserve Fund is available to pay the principal of and interest on the Series 2020 Bonds if payments made by the Corporation are insufficient therefor. The monies in the Series 2020A Account are only available to pay debt service on the Series 2020A Bonds, the monies in the Series 2020B-1 Account are only available to pay debt service on the Series 2020B-1 Bonds, the monies in the Series 2020B-2 Account are only available to pay debt service on the Series 2020B-2 Bonds and the monies in the Series 2020C Account are only available to pay debt service on the Series 2020C Bonds. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Bond Indenture – Debt Service Reserve Fund” in Appendix D hereto.

In addition to the deposits required by the Bond Indenture, there will be deposited into the Debt Service Reserve Fund any cash and Permitted Investments delivered by the Corporation to the Bond Trustee pursuant to the Loan Agreement. In addition, there will be deposited into the Debt Service Reserve Fund all money required to be transferred thereto pursuant to the Bond Indenture, and all other money received by the Bond Trustee when accompanied by directions that such money is to be paid into the Debt Service Reserve Fund. If there is no deficiency in the Debt Service Reserve Fund, all interest and other income received on investments of Debt Service Reserve Fund will be transferred to the Funded Interest Account of the Construction Fund during the construction period for the Phase II Expansion and to the Interest Account of the Bond Fund, at least semiannually, after the construction period.

Separate debt service reserve funds have been established for the benefit of the holders of the Series 2014 Bonds (together, the “Series 2014 Debt Service Reserve Funds”). **The Series 2014 Debt Service Reserve Funds do**

**not secure the Series 2020 Bonds and the Debt Service Reserve Fund for the Series 2020 Bonds does not secure the outstanding Series 2014 Bonds.**

***Use of Money in the Debt Service Reserve Fund.*** Except as provided in the Bond Indenture, money in the Debt Service Reserve Fund will be used solely for the payment of the principal of and interest on the Series 2020 Bonds, in the event money in the Funded Interest Account of the Construction Fund, the Bond Fund, the Working Capital Fund and the Liquidity Support Fund is insufficient to make such payments when due, whether on an interest payment date, redemption date, maturity date, acceleration date or otherwise. The monies in the Series 2020A Account are only available to pay debt service on the Series 2020A Bonds, the monies in the Series 2020B-1 Account are only available to pay debt service on the Series 2020B-1 Bonds, the monies in the Series 2020B-2 Account are only available to pay debt service on the Series 2020B-2 Bonds and the monies in the Series 2020C Account are only available to pay debt service on the Series 2020C Bonds

On June 1 and December 1 in each year, any earnings on the cash and Permitted Investments on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement will be transferred during the construction period for the Phase II Expansion into the Funded Interest Account of the Construction Fund created in connection with the issuance of the Series 2020 Bonds for the Phase II Expansion or, if after the completion of such construction period, into the Interest Account of the Bond Fund for the Series 2020 Bonds.

***Replenishment of the Debt Service Reserve Fund.*** The Loan Agreement provides that in the event any moneys in the Debt Service Reserve Fund are transferred to the Bond Trustee for deposit to the Bond Fund, except if such moneys are transferred due to the redemption of Bonds, the Corporation agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than 12 equal consecutive monthly installments, the first installment to be made within seven months following such transfer or receipt of written notice from the Bond Trustee of a deficiency. In the event the value of the Debt Service Reserve Fund Obligations (as determined pursuant to the statement of the Bond Trustee furnished in accordance with the Bond Indenture) on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Corporation agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than three equal consecutive monthly installments, the first installment to be made within 30 (thirty) days of such receipt of written notice from the Bond Trustee of a deficiency

***Coverage Support Fund.*** A Coverage Support Fund will be established under the Bond Indenture (the “Coverage Support Fund”) and funded by the Corporation in the amount of \$755,000\*. The Corporation will be permitted to withdraw funds from the Coverage Support Fund upon written request to the Bond Trustee in the event that the Corporation certifies to the Bond Trustee that such withdrawal is necessary in order to produce a Debt Service Coverage Ratio of not less than 1.30 as of the end of any Fiscal Year. Additionally, under the Loan Agreement, the Corporation has covenanted that it will request such withdrawal if it is necessary to produce a Debt Service Coverage Ratio of not less than 1.20 as of the end of any Fiscal Year. Upon the earlier of (i) the payment in full of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, or (ii) the refinancing of the Series 2014 Bonds to achieve a net present value debt service savings, the Corporation will request the withdrawal of all amounts remaining in the Coverage Support Fund and direct the Bond Trustee to close such fund; provided no Event of Default under the Bond Indenture shall have occurred and be continuing.

***Repair and Replacement Fund.*** The Master Trustee will establish a Repair and Replacement Fund under the Master Indenture. Moneys in the Repair and Replacement Fund may be used to pay (i) the maintenance and repair costs related to Sinai Residences for which the Corporation is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) Expenses and (iii) the principal of, premium, if any, and interest on any Obligations (other than the Subordinated Obligations).

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\* Preliminary, subject to change.

Moneys in the Repair and Replacement Fund for the purpose described in (i) and (ii) of the preceding paragraph will be disbursed upon receipt of a requisition for payment substantially in the form attached the Master Indenture. The Master Trustee is authorized and directed to withdraw funds from the Repair and Replacement Fund for the purpose described in (iii) of the preceding paragraph automatically without any requisition from the Obligated Group Representative and apply them to the payment of debt service on Obligations (or, in the case of Related Bonds, transfer them to the Related Bond Trustee for payment of debt service on the Related Bonds).

Commencing on August 31, 2021 and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as Sinai Residences or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the applicable five (5) Fiscal Year period (or such shorter period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

Under the terms of the Original Master Indenture, the first needs assessment analysis for the Phase I Project was due in May 2019, but it was inadvertently not performed. During the current novel coronavirus ("COVID-19"), a needs assessment cannot be performed for health and safety reasons. As part of the amendments to the Master Indenture, the first needs assessment analysis is required to be provided on or before August 1, 2021.

Commencing with the first full month following the first full Fiscal Year in which deposits to the Repair and Replacement Fund are required to be made pursuant to the Master Indenture, the Corporation shall pay to the Master Trustee for deposit to the Repair and Replacement Fund, on the first Business Day of each month, an amount equal to one-twelfth of the total amount required to be deposited therein for such Fiscal Year (or such times and amounts as provided for in the needs assessment analysis described in the Master Indenture) as provided in the Master Indenture.

***Effect of Event of Default.*** Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice under the Bond Indenture and the election by the Bond Trustee of the remedy specified in the Bond Indenture, any cash and Permitted Investments in the Debt Service Reserve Fund will, subject to the provisions of Bond Indenture, be transferred by the Bond Trustee to the Principal Account and applied in accordance with the provisions of the Bond Indenture. In the event of the redemption of any series of Bonds, any cash and Permitted Investments on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement on the Series 2020 Bonds to be Outstanding immediately after such redemption will, subject to the provisions of the Bond Indenture, be transferred to the Principal Account and applied to the payment of the principal of the series of Bonds to be redeemed.

***Remaining Funds.*** On the final maturity date of any series of Bonds, any cash and Permitted Investments in the Debt Service Reserve Fund relating to such series of Bonds is required to be used to pay the principal of and interest on such series of Bonds on the final maturity date or redemption date of that series, provided that Debt Service Reserve Fund Obligations, or allocable portion thereof, as applicable, held in any account within the Debt Service Reserve Fund may be transferred to an escrow account established under the Bond Indenture in connection with a partial or full defeasance of the Series 2020 Bonds or any series or portion of a series thereof.

**Revenue Fund.** If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Obligations when due and continues for a period of five days, the Master Trustee shall open a fund called the “Revenue Fund – Sinai Residences of Boca Raton Project” and each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

On the fifth Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund, the Master Trustee will withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST, to the payment of all amounts due the Master Trustee under the Master Indenture;

SECOND, to an operating account designated by the Corporation (which account will not be subject to the lien of the Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month in which such transfer is made, all as set forth in the then-current Annual Budget;

THIRD, to the payment of the amounts then due and unpaid upon the Obligations, other than Subordinated Obligations, for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Obligations for principal (and premium, if any) and interest, respectively;

FOURTH, to restore any deficiency in the Debt Service Reserve Fund established under a Related Bond Indenture and on a pro rata basis, if funds are insufficient to fully restore any deficiencies under multiple Related Bond Indentures;

FIFTH, if all Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind except as provided in the Supplement pursuant to which such Subordinated Obligations were issued, according to the amounts due and payable on such Subordinated Obligations for principal (and premium, if any) and interest, respectively; and

SIXTH, any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

The moneys held in the Surplus Account (i) may be used to pay any of items FIRST through FIFTH above and (ii) may be released to the Obligated Group so long as (A) there are no deficiencies in the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts, (B) the Corporation met the Debt Service Coverage Ratio Covenant, the Liquidity Covenant, the Occupancy Requirement and the Marketing Requirement for the most recent Fiscal Year and is in compliance with all State regulations regarding the Obligated Group’s liquidity position, and (C) no Event of Default has then occurred and is continuing.

## **Financial Covenants**

Pursuant to the Master Indenture, the Corporation, for itself and any additional Members of the Obligated Group, has agreed to financial covenants, including the following:

**Affiliate Payments/Affiliate Subordinated Indebtedness.** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, Affiliate Payments or payments on Affiliate Subordinated Indebtedness will not be made, until (i) the Debt Service Coverage Ratio is not be less than 1.20 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (ii) the Debt

Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (iii) after the proposed payment the Days' Cash on Hand is not less than the Liquidity Requirement based on the written statement of the Accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iv) the Obligated Group is then in compliance with Chapter 651, Florida Statutes, as amended; and (v) no Event of Default has occurred and is continuing under the Master Indenture. All Affiliate Payments are subordinated to all payments due on any Obligations Outstanding. The Obligated Group may make Affiliate Payments and payments on Affiliate Subordinated Indebtedness to the extent of any moneys remaining in the Working Capital Fund and transferred to the Obligated Group pursuant to Section 2.02 of Supplemental Indenture Number 3. See "FORMS OF PRINCIPAL FINANCING DOCUMENTS – Supplemental Indenture Number 3."

***Debt Service Coverage Ratio Covenant.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Master Indenture requires the Obligated Group to calculate the Debt Service Coverage Ratio (i) for each fiscal quarter, commencing the fiscal quarter ending August 31, 2020, based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, based on audited financial statements, in each case commencing with the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under "FINANCIAL REPORTING" herein. Notwithstanding the foregoing, the debt service for the Series 2020 Bonds and Series 2020 Obligations shall not be included in the foregoing calculation until the earlier of (i) the fiscal quarter following the Stable Occupancy of the Series 2020 Expansion and (ii) the fiscal quarter ending August 31, 2026 (the "Series 2020 Project Debt Service Coverage Inclusion Date"). For the avoidance of doubt, calculations made as of the end of each Fiscal Year are for reporting purposes only and are not testing dates for compliance with the Debt Service Coverage Ratio covenant.

The Debt Service Coverage Ratio means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) the Maximum Annual Debt Service Requirement on the date of calculation on Long-Term Indebtedness, other than Subordinated Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period during which the interest on any Long-Term Indebtedness is being funded from the proceeds thereof, the Maximum Annual Debt Service Requirement for such Indebtedness shall be disregarded for such period, and the Income Available for Debt Service shall not include interest on any funds (other than any Debt Service Reserve Fund) established with the proceeds of such Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period which includes the last date to which interest on such Long Term Indebtedness is being capitalized under generally accepted accounting principles in the United States of America ("GAAP") or is being paid from the proceeds thereof (the "Capitalized Interest End Date"), the numerator and the denominator of the Debt Service Coverage Ratio shall be calculated as the aggregate of the amounts determined in accordance with the provisions of the Master Indenture for the respective periods before and after the Capitalized Interest End Date. Income Available for Debt Service for any period is defined as the excess of Revenues over Expenses.

"Maximum Annual Debt Service Requirement" means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year; provided that, for purposes of determining the Maximum Annual Debt Service Requirement, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt, provided, further, that for purposes of determining the Debt Service Requirements for variable rate debt for which a Credit Facility is provided, if the reimbursement agreement for such Credit Facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt. For the purpose of determining the interest rate on any Long-Term Indebtedness which bears interest at a variable rate, (1) such interest rate shall be assumed in accordance with the Master Indenture, plus Credit Facility and remarketing fees; or (2) for the purpose of any historical Maximum Annual Debt Service Requirement, the actual interest paid for the period of determination.

If the Debt Service Coverage Ratio of the Obligated Group for any calculation date as of the end of any Fiscal Year, is less than 1.20, the Obligated Group Representative, at the Obligated Group's expense, is required to retain a Consultant in the manner described below under the subheading "Consultant's Reports" to make recommendations as described under "Consultant's Reports." Each Member of the Obligated Group is required to follow such recommendations of the Consultant. Notwithstanding anything in the Master Indenture to the contrary, the Manager may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein.

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20 for a Fiscal Year but did achieve a Debt Service Coverage Ratio of at least 1.00 in the immediately preceding Fiscal Year or such calculation was not required, such failure shall not constitute an Event of Default under the Master Indenture if the Obligated Group (i) takes all action necessary to comply with the procedures described under "Consultant's Report" for retaining a Consultant and (ii) follows the recommendations of the Consultant as described under "Consultant's Reports." Failure by the Obligated Group to comply with (i) or (ii) of the preceding sentence may become an Event of Default under the Master Indenture, with the giving of notice in the manner specified in the Master Indenture.

Notwithstanding the foregoing, if the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 at the end of any Fiscal Year, such failure shall constitute an Event of Default under the Master Indenture if the Obligated Group also has Days Cash on Hand below 150 at such time; otherwise it will be an Event of Default under the Master Indenture only if the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 for two successive Fiscal Years.

In the event that any Obligated Group Member incurs any Additional Indebtedness for any Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with Section 4.11 of the Master Indenture until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such Capital Addition set forth in the Consultant's report described in paragraph (A) below, or (ii) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled nursing facilities, the first full Fiscal Year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness, if the following conditions are met:

(A) There is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for the first full Fiscal Year following the later of (1) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (2) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled nursing facilities, the first full Fiscal Year following the year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided further, however, that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that state or federal laws or regulations or administrative interpretations of such laws or regulations then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio then permitted by such laws or regulations but in no event less than 1.00:1; provided further, however, that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this paragraph (A); and

(B) there is delivered to the Master Trustee an Officer's Certificate on the date on which financial statements are required to be delivered to the Master Trustee pursuant to Section 4.15 of the Master Indenture until the first Fiscal Year in which the exclusion from the calculation of the Debt Service Coverage Ratio no longer applies, calculating the Debt Service Coverage Ratio of the Obligated Group at the end of each Fiscal Year and



demonstrating that such Debt Service Coverage Ratio is not less than 1.00:1, such Debt Service Coverage Ratio to be computed without taking into account (1) the Additional Indebtedness to be incurred if (x) the interest on such Additional Indebtedness during such period is funded from proceeds thereof or other funds of the Member then on hand and available therefor, and (y) no principal of such Additional Indebtedness is payable during such period (other than from the proceeds of Initial Entrance Fees), and (2) the Revenues to be derived from the Capital Addition to be financed from the proceeds of such Additional Indebtedness.

Under the Master Indenture, unrestricted contributions to the Corporation are treated as “Revenues” and thus included in Income Available for Debt Service when calculating the Debt Service Coverage Ratio. Previously, the Federation has gifted monies to the Corporation, making the Corporation compliant with its Debt Service Ratio covenant. See Appendix A – “DEBT SERVICE COVERAGE RATIO” herein. The Federation is under no obligation to make monetary contributions to the Corporation and is not an Obligor under the Master Indenture. Certain withdrawals from the Working Capital Fund and the Coverage Support Fund are also included in “Revenues” and “Income Available for Debt Service.”

***Liquidity Covenant.*** The Master Indenture requires that the Obligated Group calculate the Days’ Cash on Hand of the Obligated Group as of February 28 (or February 29 in a leap year) and August 31 of each Fiscal Year, commencing with the earlier of the first such date after (i) Stable Occupancy or (ii) August 31, 2020 (each such date being a “Testing Date”). The Obligated Group shall deliver an Officer’s Certificate setting forth such calculation as of February 28 (or February 29 in a leap year) to the Master Trustee not less than 45 days after such February 28 (or February 29 in a leap year) and include such calculation as of August 31 in the Officer’s Certificate delivered pursuant to the Master Indenture.

“Days’ Cash on Hand” means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Expenses (including interest on Indebtedness but excluding provisions for bad debt amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending February 28 (or February 29 in a leap year) and August 31, as derived from the quarterly financial statements required by delivered pursuant to the Master Indenture, by 365.

“Cash and Investments” means the sum of cash, cash equivalents and marketable securities of the Obligated Group Members, including without limitation board-designated assets, and any amounts, if any, on deposit in the Repair and Replacement Fund, the Working Capital Fund, the Liquidity Support Fund and the Minimum Liquid Reserve Accounts, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 150 Days’ Cash on Hand on each Testing Date (the “Liquidity Requirement”).

If the amount of Days’ Cash on Hand as of any Testing Date is less than the Liquidity Requirement and the Obligated Group has not raised the level of Days’ Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the Officer’s Certificate delivered pursuant to the Master Indenture, the Obligated Group Representative shall, within thirty (30) days after delivery of the Officer’s Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to increase the Days’ Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant’s report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is retained. Notwithstanding anything in the Master Indenture to the contrary, the Manager may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law.

Notwithstanding any other provision of the Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

Concurrently with the issuance of the Series 2020 Bonds, the Corporation is funding the Coverage Support Fund in the amount of \$755,000\*. The Corporation, as of the end of any Fiscal Year, (i) may withdraw funds in order to produce a Debt Service Coverage Ratio of not less than 1.30 and (ii) must withdraw funds if it is necessary to produce a Debt Service Coverage Ratio of not less than 1.20. See "SECURITY FOR THE SERIES 2020 Bonds – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Coverage Support Fund" herein.

**Marketing Covenant.** Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2020 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy of the Phase II Expansion, the Obligated Group will use its best efforts to maintain the percentage of New Independent Living Units which are Reserved (the "Percentage of Reserved Independent Living Units") at or above the applicable levels set forth below, which determinations shall be measured as of the last day of the applicable quarter (the "Marketing Requirements"). The applicable Marketing Requirements for the New Independent Living Units are as follows:

Quarter Ending	Marketing Requirements	
	#Units	Percent
February 28, 2021	67	60.4%
May 31, 2021	69	62.2
August 31, 2021	71	64.0
November 30, 2021	73	65.8
February 28, 2022	75	67.6
May 31, 2022	77	69.4
August 31, 2022	80	72.1
November 30, 2022	84	75.7
February 28, 2023	88	79.3
May 31, 2023	92	82.9
August 31, 2023	96	86.5
November 30, 2023	99	89.2
February 29, 2024 and thereafter	100	90.1

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Corporation is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report (a "Management Marketing Report") that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of New Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of the number of reservations of New Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Reserved Independent Living units is less than the Marketing Requirement for two successive fiscal quarters, the Corporation is required to retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything under the Master Indenture to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous

\* Preliminary, subject to change

sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

**Occupancy Covenant.** The Obligated Group covenants that for each fiscal quarter (a) commencing with the first fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing New Independent Living Units, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all New Independent Living Units (the "Percentage of Units Occupied") at or above the requirements set forth below, which levels shall be measured as of the last day of the applicable Occupancy Quarter (the "Occupancy Requirements"):

Occupancy Quarter	Occupancy Requirements	
	#Units	Percent
1	32	28.8%
2	50	45.0
3	65	58.6
4	75	67.6
5	80	72.1
6	85	76.6
7	90	81.1
8	92	82.9
9	93	83.8
10	94	84.7
11	95	85.6
12	96	86.5
13	97	87.4
14	98	88.3
15	99	89.2
16 and thereafter	100	90.1

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Corporation is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a "Management Occupancy Report") that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of New Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of the number of New Independent Living Units expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Corporation is required to retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything in the Master

Indenture to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

***Consultant's Report.*** Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee and bond owners will be given independent access to the Consultant. Within 21 days after a Consultant is required to be retained, the Corporation will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Corporation, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Corporation. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Corporation shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

***Management Company and Marketing Consultant.***

Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Obligated Group is required to engage a Manager and a Marketing Consultant (which may be the same firm and may be the Obligated Group or an Affiliate of the Obligated Group) at all times so long as any Obligation remains outstanding. Except as provided below, the Members of the Obligated Group shall be required to retain a new Manager or Marketing Consultant, as applicable and subject to applicable law, if:

- (i) the Obligated Group fails to make any payment on the Obligations when due; or
- (ii) an Event of Default has occurred and is continuing; or
- (iii) the Obligated Group fails to meet the required Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required as described above under Section 4.23 of the Master Indenture and such failure continues for two successive periods; or
- (iv) the Obligated Group fails to meet the required Marketing Requirements by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.22 of the Master Indenture and such failure continues for two successive periods.

Whenever the Obligated Group is required to retain a new Manager or Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Master Trustee, a list of two or more Persons experienced in the management, or marketing, as the case may be, of facilities of a type and size similar to Sinai Residences. If the Obligated Group is required to retain a new Manager or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and as approved by any applicable regulatory body.

In the event that a new Manager or Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Manager or Marketing Consultant until the new Manager or Marketing Consultant has been employed for at least twelve months.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager or Marketing Consultant:

(i) a written report (prepared by a Consultant, but not by the Manager or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio Covenant, the Occupancy Requirement, the Liquidity Requirement, the Marketing Requirements, and/or the Cumulative Cash Operating Loss requirement is primarily due to factors outside the control of the present Manager or Marketing Consultant, or (b) that retaining a new Manager or Marketing Consultant is not likely to materially improve the Obligated Group's ability to comply with such requirements; and

(ii) a certificated copy of the Governing Body of each Member of the Obligated Group stating that the performance by the Manager or Marketing Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager or Marketing Consultant.

**Rating Solicitation Covenant.** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, the Corporation covenants that it will seek a rating after (i) the fiscal quarter following the Stable Occupancy of the Phase II Expansion or (ii) the fiscal quarter ending August 31, 2026 (whichever is earlier), and for so long as either the Series 2014 Bonds or the Series 2020 Bonds remain outstanding (provided a determination is made by the Corporation, in consultation with the Initial Underwriter, that an investment grade rating is reasonably obtainable), each year. If the Obligated Group Representative receives a preliminary indication from a Rating Agency that the Series 2014 Bonds or the Series 2020 Bonds will not be assigned an investment grade rating, the Corporation is required to withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014 Bonds and the Series 2020 Bonds.

**Approval of Consultants.** If at any time the Members of the Obligated Group are required to engage a Consultant under the Master Indenture, such Consultant shall be engaged in the manner set forth below.

Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, notify the Holders of all Obligations Outstanding under the Master Indenture of such selection. Such notice (which shall be provided by the Obligated Group Representative) shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged and (iii) state that the Holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Holder submits an objection to the selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of any objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of Section 4.29 of the Master Indenture.

When the Master Trustee notifies the Holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required by the paragraph above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of an Obligation

securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of Section 4.29 of the Master Indenture.

The 15-day notice period described above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this section.

***Needs Assessment Analysis.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, commencing on August 31, 2021 and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as Sinai Residences or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to Section 3.02 of the Master Indenture and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the applicable five (5) Fiscal Year period (or such shorter period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

Under the terms of the Original Master Indenture, the first needs assessment analysis for the Phase I Project was due in May 2019, but it was inadvertently not performed. During COVID-19, a needs assessment cannot be performed for health and safety reasons. As part of the amendments to the Master Indenture, the first needs assessment analysis is required to be provided on or before August 1, 2021.

***Actuarial Study.*** Under the Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, during the Fiscal Year ending August 31, 2020, and at least once every three Fiscal Years thereafter, the Obligated Group Representative, at the Obligated Group's expense, shall provide a summary of actuarial study described below to each Member, each Required Information Recipient, which summary shall contain the key results and parameters of such report. The actuarial study shall be prepared by a Consultant and include (i) the amount, if any, of the Obligated Group's obligations to provide services under the Residence and Care Agreements anticipated to be in excess of those that could be satisfied using the rates, fees and charges for Sinai Residences, as defined in the Related Loan Agreement then in effect, and (ii) recommendations, if any, with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to enable the Obligated Group to satisfy such obligations. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by applicable law.

The Corporation expects to complete its first actuarial study on or about August 31, 2020.

## CERTAIN BONDHOLDERS' RISKS

### General Risk Factors

The Series 2020 Bonds are special and limited obligations of the Authority, payable solely from and secured exclusively by the funds pledged thereto, including the payments to be made by the Obligated Group under the Master Indenture. An investment in the Series 2020 Bonds involves a significant number of risks. Each prospective investor should carefully examine this Official Statement and his or her own financial condition in order to make a judgment as to whether the Series 2020 Bonds are an appropriate investment. **A BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND SPECIAL REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE SERIES 2020 BONDS" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2020 BONDS.**

As described herein under the caption "SECURITY FOR THE SERIES 2020 BONDS," except to the extent that the principal of, premium, if any, and interest on the Series 2020 Bonds may be payable from the proceeds thereof or investment income thereon or, under certain circumstances, proceeds of insurance, sale or condemnation awards or net amounts by recourse to the Mortgaged Property, such principal, premium and interest will be payable solely from amounts paid by the Obligated Group under the Loan Agreement or by the Obligated Group under the Master Indenture, including the Series 2020 Obligations.

No representation or assurance is given or can be made that revenues will be realized by the Obligated Group (which in the context of this discussion of risk factors, should be understood to include the Obligated Group individually and together with future Members of the Obligated Group, if any) sufficient to ensure the payment of the principal of and interest on the Series 2020 Bonds in the amounts and at the times required to pay debt service on the Series 2020 Bonds when due. The ability of the Obligated Group to generate sufficient revenues may be impacted by a number of factors. Some, but not necessarily all, of these risk factors are discussed in this section below; these risk factors should be considered by investors considering any purchase of the Series 2020 Bonds. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group.

### Limited Obligations

**THE SERIES 2020 BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE AUTHORITY, THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER, BUT THE SERIES 2020 BONDS SHALL BE A LIMITED OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE INCOME, REVENUES, AND RECEIPTS DERIVED FROM THE TRUST ESTATE CREATED UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2020 BONDS OR TO THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO MAKE ANY APPROPRIATION TO PAY THE PRINCIPAL OR INTEREST ON THE SERIES 2020 BONDS. THE SERIES 2020 BONDS DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, THE COUNTY, OR THE AUTHORITY OR TAXING POWERS OF THE STATE OR THE COUNTY.**

The Series 2020 Bonds are special limited obligations of the Authority and have three sources of payment, as follows:

(1) *Loan payments received by the Bond Trustee from the Obligated Group pursuant to the terms of the Loan Agreement and the Obligated Group pursuant to Series 2020 Obligations.* The Authority has no obligation to pay the Series 2020 Bonds except from loan payments derived from the Loan Agreement and from the Obligated Group pursuant to Series 2020 Obligations. The Series 2020 Bonds, together with interest and premium, if



any, thereon, will be limited obligations of the Authority and will never constitute an indebtedness of the Authority within the meaning of any State constitutional provision or statutory limitation and will never constitute or give rise to a pecuniary liability of the Authority or the State or any political subdivision thereof or a charge against the general credit or taxing powers, if any, of any of them. The Authority has no taxing power. Under the Loan Agreement, which the Authority has assigned to the Bond Trustee, the Obligated Group will be required to make loan payments to the Bond Trustee in amounts sufficient to enable the Bond Trustee to pay the principal of, premium, if any, and interest on the Series 2020 Bonds. Such loan payments are, however, anticipated to be derived principally from operation of Sinai Residences and investment earnings. Profitable operation of Sinai Residences depends in large part on achieving and maintaining certain occupancy levels throughout the term of the Series 2020 Bonds. However, no assurance can be made that the revenues derived from the operation of Sinai Residences will be realized by the Obligated Group in the amounts necessary, after payment of operating expenses of Sinai Residences, to pay maturing principal of, premium, if any, and interest on the Series 2020 Bonds, the Series 2014 Bonds and the other indebtedness of the Obligated Group.

(2) ***Revenues received from operation of Sinai Residences by a receiver upon a default under the Master Indenture or the Bond Indenture.*** Attempts to have a receiver appointed to take charge of properties pledged to secure loans are frequently met with defensive measures such as the initiation of protracted litigation and/or the initiation of bankruptcy proceedings, and such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. It is therefore likely that prospects for uninterrupted payment of principal and interest on the Series 2020 Bonds in accordance with their terms are largely dependent upon the source described in (1) above, which is wholly dependent upon the success of the Obligated Group in operating Sinai Residences in a profitable manner.

(3) ***Proceeds realized from the sale or lease of Sinai Residences to a third party by the Bond Trustee or Master Trustee.*** Attempts to sell or foreclose on commercial property or otherwise realize upon security for obligations may be met with defensive measures such as protracted litigation and/or bankruptcy proceedings, and that such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. In addition, the Bond Trustee or Master Trustee could experience difficulty in selling or leasing any of Sinai Residences upon foreclosure due to the special-purpose nature of continuing care retirement facilities and the proceeds of such sale may not be sufficient to fully pay the owners of the Series 2020 Bonds.

The best prospects for uninterrupted payment of principal and interest on the Series 2020 Bonds in accordance with their terms is the source described in (1) above, which is wholly dependent upon the success of the Obligated Group in operating its Facilities in a profitable manner. Even if its Facilities are operating profitably, other factors could affect the Obligated Group's ability to make loan payments under the Loan Agreement and Series 2020 Obligations.

### **Caution Regarding Forward-Looking Statements**

When used in this Official Statement and in any continuing disclosure by the Corporation, in the Corporation's press releases and in oral statements made with the approval of an authorized executive officer of the Corporation, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward looking statements." Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The Corporation cautions readers not to place undue reliance on any such forward-looking statements. The Corporation advises readers that certain factors could affect the financial performance of the Corporation and could cause the actual results of the Corporation for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

### **COVID-19**

The COVID-19 outbreak, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and has spread globally, including to the United States of America and the State. On March 9, 2020, the Governor of the State declared a state of emergency, on March 24, 2020, the Governor issued an executive order restricting public gatherings of 10 or more people and urging individuals to work remotely, and on May 1, 2020, the Governor issued an executive order limiting the movements of all persons

in Florida and personal interactions outside of the home to only those necessary to obtain essential services or to conduct essential activities and ordering all senior citizens to stay at home and take all measures necessary to limit the risk of exposure to COVID-19. In June, Governor DeSantis ordered that all employees working in assisted living and skilled nursing areas be tested for COVID-19 every two weeks. The COVID-19 outbreak has affected and is expected to continue to affect for the foreseeable future, travel, commerce, businesses, and financial markets globally. The outbreak is a rapidly evolving situation that changes daily.

Although the potential impact of COVID-19 on the Obligated Group's operations or its future operating revenues and expenses cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Obligated Group's operations and its operating revenues and expenses, and on the State, national, and global economies. For example, an outbreak at Sinai Residences could result in a temporary shutdown or diversion of Residents, and/or could result in a lower census, including difficulty showing the common areas and units to prospective Residents of the Phase II Expansion.

See "SINAI RESIDENCES – The Coronavirus Pandemic" in Appendix A hereto.

### **Construction Risks**

Construction of the Phase II Expansion is subject to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Corporation or its contractors. In addition, the geotechnical report completed for the Phase II Expansion indicated that the site is suitable for construction when reviewed from a soil mechanics and foundation engineering perspective, however, the report indicated the presence of construction debris, sandy limestone and boulder-like rock. Such events could result in delayed marketing, substantial completion, and/or occupancy of the Phase II Expansion and thus the revenue flow therefrom.

Management of the Corporation believes that the building permits will be obtained in due course. See "THE PHASE II EXPANSION – Regulatory Permits and Approvals" in Appendix A hereto. In addition, the marketing, substantial completion and occupancy of the Phase II Expansion may be extended by reason of changes authorized by the Corporation, delays due to acts or neglect of the Corporation, or by independent contractors employed by the Corporation. Cost overruns could also result in the Corporation not having sufficient money to complete construction of the Phase II Expansion, thereby materially affecting the receipt of revenues needed to pay the Series 2020 Bonds. For example, the plan of finance assumes that Entrance Fees payable on or before initial occupancy of the Phase II Expansion by individual residents will be used primarily to redeem the Series 2020B-1, the Series 2020B-2 Bonds and the Series 2020C Bonds. If the completion of the Phase II Expansion is delayed, the receipt of Entrance Fees necessary for such purposes, as well as the receipt of monthly service fees necessary to fund operations, may be adversely impacted.

The agreement with the general contractor provides for liquidated damages if the Phase II Expansion is not completed by the date specified as a result of the general contractor's failure to perform, subject to extension under conditions set forth in the construction contract. The general contractor is required to furnish or cause to be furnished payment and performance bonds in the full amount of its construction contract for the Phase II Expansion. If the Obligated Group makes claims under the liquidated damages provisions of the construction contract or under the payment and performance bonds, there can be no assurance that such claims could be collected without litigation. Furthermore, there may be cost increases because of extraordinary events that may not give rise to claims for liquidated damages.

It is anticipated that the proceeds from the sale of the Series 2020 Bonds together with anticipated investment earnings thereon will be sufficient to complete the construction and equipping of the Phase II Expansion. Cost overruns for projects of this magnitude may occur due to change orders and other factors. Cost overruns could also result in the Corporation not having sufficient moneys to complete construction of the Phase II Expansion, thereby materially affecting the receipt of revenues needed to pay debt service on the Series 2020 Bonds. Failure to complete the Phase II Expansion either at all or on time and for the cost estimated by the Corporation would reduce

or delay revenues forecasted to be received by the Corporation, which would adversely affect the financial position of the Corporation and its ability to make payments under the Series 2020 Obligations and the Loan Agreement. If the proceeds of the Series 2020 Bonds, together with anticipated investment earnings, were not sufficient to complete the Phase II Expansion, the Corporation would have to complete the Phase II Expansion with financing obtained from other sources that may not be available. See “SINAI RESIDENCES – Design and Construction of the Phase II Expansion” in Appendix A hereto.

Furthermore, the construction of the Phase II Expansion may be delayed as a result of COVID-19. It is possible that State and local regulators may prohibit contractors, construction crew members, and others from entering the site of the Phase II Expansion for an extended period of time, and the length of any such delay is beyond the control of the Corporation. Given the nature of the virus, it cannot be predicted whether, and to what extent, construction may be delayed. See “THE PHASE II EXPANSION – Design and Construction of Phase II Expansion – *The Construction Manager and Construction Contract*” for information about COVID-19 protocols that apply to the Construction Contract.

### **Reliance on the Manager and the Developer**

The successful construction of the Phase II Expansion is dependent on the efforts of the Developer. The successful marketing and on-going management of Sinai Residences is dependent on the efforts of the Manager. The Corporation has retained the Developer to manage the construction of the Phase II Expansion and the Manager to supervise the day-to-day marketing, operation and management of Sinai Residences.

If the Corporation were to terminate its relationship with the Manager, it would need to hire and train a successor management company to manage Sinai Residences. While the Corporation believes the Manager is qualified to manage Sinai Residences, no assurance can be given that the Manager will be able to successfully manage and operate Sinai Residences, that the Corporation will not terminate the relationship with the Manager or that another experienced successor management company could be located or would be willing to undertake the management and operation of Sinai Residences under the terms required by the Master Indenture or other related documents. A failure to maintain the Manager as the management company for Sinai Residences or to hire, train and retain a successor management company would likely have an adverse effect on the ability of Sinai Residences to operate and could negatively impact occupancy levels and revenues of the Obligated Group.

Affiliates of the Developer and the Manager have engaged in, and may engage in, business for their own accounts, independently or with others, and whether or not in the vicinity of or in competition with any Project. As a result of its other interests and activities, the Developer and the Manager may have conflicts of interest with its role in Sinai Residences, including conflicts in allocating its time and resources between Sinai Residences and other activities in which they are involved. Furthermore, neither the Developer nor the Manager has executed any covenant not to compete. In order to protect the Corporation’s interest, while respecting LCS’s right to provide management services in the geographic market, the hereinafter defined Management Agreement states that the Manager or its affiliates shall not enter into an agreement to provide management services similar to those to be provided in the Management Agreement to a competing facility within the “Service Area” of the Corporation without the Corporation’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The “Service Area” includes the area bounded by the Atlantic Ocean to the East, the Everglades to the West, Commercial Boulevard to the South, and Lake Worth to the North.

See Appendix A hereto for more information about the Developer and the Manager.

### **Financial Feasibility Study**

The financial forecasts contained in the Financial Feasibility Study included in Appendix C hereto are based upon assumptions made by the management of the Corporation. As stated in such financial forecast, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the financial forecast is only for each of the six years ending August 31, 2020 through 2025, and consequently does not cover the whole period during which the Series 2020 Bonds may be outstanding. See the Financial Feasibility Study included herein as Appendix C, which should be read in its entirety.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT THE FINANCIAL FORECAST IN THE FINANCIAL FEASIBILITY STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, LOWER THAN ANTICIPATED GROSS REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE SENIOR LIVING INDUSTRY, AND GENERAL ECONOMIC CONDITIONS. SEE “CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS” IN THIS OFFICIAL STATEMENT.

#### **Redemption of Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds from Entrance Fees**

Management’s financial forecast contained in the Financial Feasibility Study included in Appendix C hereto anticipates that the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds will be subject to mandatory redemption from funds held in the Entrance Fee Redemption Account established under the Bond Indenture upon achieving occupancy of approximately 91.1%, 62.2% and 36.4% (assuming the full use of Initial Entrance Fees for working capital or approximately 87.0%, 58.0% and 19.8%, respectively, if no Initial Entrance Fees are used for working capital needs), respectively, of the Entrance Fee Units in the Phase II Expansion. There can be no guarantee, however, that there will be sufficient funds in the applicable Entrance Fee Redemption Account in order to so redeem any such Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds. The Entrance Fee Redemption Account will be funded from the Initial Entrance Fees in accordance with the Master Indenture, as described herein.

#### **General Risks of Long-Term Care Facilities**

There are many diverse factors not within the Obligated Group’s control that have a substantial bearing on the risks generally incident to the operation of its Facilities. These factors include regulatory imposed fiscal policies, adverse use of adjacent or neighboring real estate, the ability to maintain Sinai Residences, community acceptance of Sinai Residences, changes in demand for Sinai Residences, changes in the number of competing facilities, changes in the costs of operation of Sinai Residences, changes in the laws of the State affecting long-term care programs, the limited income of the elderly, changes in the long-term care and health care industries, difficulties in or restrictions on the Corporation’s ability to raise rates charged, general economic conditions and the availability of working capital. In recent years, a number of long-term care facilities throughout the United States have defaulted on various financing obligations or otherwise have failed to perform as originally expected. There can be no assurance that the Corporation will not experience one or more of the adverse factors that caused other facilities to struggle or fail. Certain other factors that cannot be determined at this time also may adversely affect the operation of facilities like Sinai Residences.

New and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health, and smartphone technology will likely change the way in which providers of health services to the elderly deliver home health, hospice and other community-based services. These developments will further the ability of the home health and hospice industry to care for patients in their homes. The proliferation and availability of technological changes are expected to increase the ability of the elderly to remain in their homes longer into their lives than has historically been feasible, which could result in significantly reduced demand for communities such as Sinai Residences. Efforts to reduce hospital readmissions and costs in the overall care continuum will further the use of these new and changing technologies. These changes may allow other companies, including hospitals and other healthcare organizations that are not currently providing home health and hospice care, to expand their services to include home health services, hospice care or similar services. The Obligated Group may encounter increased competition in the future that could negatively impact patient referrals to it, limit its ability to maintain or increase its market position and adversely affect the Obligated Group’s financial performance.

#### **Uncertainty of Occupancy and Entrance and Service Fee Collection**

As noted elsewhere, except to the extent that the Series 2020 Bonds will be payable from the proceeds of insurance, sale or condemnation awards, the Series 2020 Bonds will be payable solely from payments or prepayments to be made by the Obligated Group under the Loan Agreement and under Series 2020 Obligations. The

ability of the Obligated Group to make payments under the Loan Agreement and the ability of the Obligated Group and any other future Members of the Obligated Group to make payments on Series 2020 Obligations and other outstanding parity obligations is dependent upon the generation by the Obligated Group of revenues in the amounts necessary for the Obligated Group to pay the principal of, premium, if any, and interest on the Series 2020 Bonds, as well as other operating and capital expenses.

The financial feasibility of Sinai Residences and payment, when due, of the Series 2020 Bonds is dependent on the continuing ability of the Obligated Group to maintain high levels of occupancy of Sinai Residences and to (i) fill Sinai Residences with residents who purchase the right to live there by paying Entrance Fees, (ii) collect new Entrance Fees from residents occupying apartment units vacated by deceased residents, residents permanently transferred to assisted living or nursing care facilities operated by the Obligated Group or residents leaving such facilities for other reasons and (iii) keep Sinai Residences substantially occupied by residents who can pay the full amount of the Entrance Fees and/or Monthly Service Fees (each, as described in Appendix A hereto). This depends to some extent on factors outside the Obligated Group's control, such as the residents' right to terminate their Residence and Care Agreements in accordance with the terms of the Residence and Care Agreements and by general economic conditions. In particular, a depressed housing market may prevent prospective residents from selling their homes and generating cash to pay Entrance Fees. In addition, the COVID-19 pandemic or another similar public health situation could adversely impact the Obligated Group's ability to generate new residents at Sinai Residences. If Sinai Residences fails to achieve and maintain a high level of occupancy, there may be insufficient funds to pay debt service on the Series 2020 Bonds and any other Outstanding Bonds and obligations.

Moreover, if a substantial number of residents of the residents of the Independent Living Units live beyond their anticipated life expectancies or if admissions or transfers to the health care components of Sinai Residences are substantially less than anticipated by the Obligated Group, or if market conditions or market changes prevent an increase in the amount of the resident Entrance Fees payable by new residents of Sinai Residences or the Monthly Service Fees payable by all residents, the receipt of additional resident Entrance Fees and/or Monthly Service Fees would be curtailed or limited, with a consequent impairment of the Obligated Group's revenues. Such impairment would also result if the Obligated Group is unable to remarket Independent Living Units becoming available when residents die, withdraw, or are permanently transferred to the health care components of Sinai Residences.

As described in Appendix A hereto, the Obligated Group has historically made regular increases to both Entrance Fees and Monthly Service Fees to offset increasing operating costs due, in part, to inflation. There can be no assurance that such increases will continue or that increases in expenses will not be greater than any such future rate increase. Also, since many of the residents may be living on fixed incomes or incomes that do not readily change in response to changes in economic conditions, there can be no assurance that any such Entrance Fee or Monthly Service Fee increases can be paid by residents or that such increases will not adversely affect the occupancy of Sinai Residences. While Sinai Residences can accept new residents unable to pay in full the Entrance Fees and Monthly Service Fees, it intends to do so only to the extent of available Foundation funds to pay their expenses. It is possible that residents who unexpectedly become unable to make such payments would be allowed to remain residents, even though the costs of caring for them could have an adverse effect on the financial condition of the Obligated Group. As a charitable tax-exempt organization, the Obligated Group may be unable or unwilling to require residents who lack adequate financial resources to leave Sinai Residences. In the future, the Obligated Group could possibly be required to accept residents unable to pay all Entrance Fees or Monthly Service Fees or be required to provide services to a certain number of indigent persons unable to pay any fees, in order to maintain its tax-exempt status.

The Entrance Fees and Monthly Service Fees for Sinai Residences are described in Appendix A hereto. As set forth therein, the Obligated Group has set such fees based on, among other things, anticipated revenue needs and analysis of the market areas. If actual operating experience is substantially different from that anticipated, the revenues of the Obligated Group could be less than expenses. Should methods of payment other than Entrance Fees, including straight rental, become prevalent as the form of payment for elderly housing, the ability to charge resident Entrance Fees to potential future residents may decrease. If this should happen, the Obligated Group may be forced to alter its method of charging for elderly housing services and could encounter operational difficulties.

## **Accounting Changes**

From time to time, accounting policies and procedures change based upon mandatory authoritative guidance updates to GAAP. The auditors of the Obligated Group have provided letters stating the audited financial statements of the Obligated Group are fairly presented in conformity with GAAP. The Master Indenture provides that the character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes of the Master Indenture, shall be determined or made in accordance with GAAP in effect on the date of the Master Indenture, or at the option of the Obligated Group, at the time in effect (provided that such GAAP are applied consistently with the requirements existing either on the date of the Master Indenture or at the time in effect) except where such principles are inconsistent with the requirements of the Master Indenture.

## **The Mortgaged Property**

The Obligated Group has delivered the Mortgage on the Mortgaged Property to the Master Trustee to secure its obligations pursuant to the Master Indenture. In the event that there is a default under the Master Indenture, the Master Trustee has the right to foreclose on the Mortgaged Property under certain circumstances. All amounts collected upon foreclosure of the Mortgaged Property pursuant to the Mortgage will be used to pay certain costs and expenses incurred by, or otherwise related to, the foreclosure, the performance of the Master Trustee and/or the beneficiary under the Mortgage, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. See also “Master Indenture” in Appendix D hereto.

In the event that the Mortgage is actually foreclosed, then, in addition to the customary costs and expenses of operating and maintaining Sinai Residences, the party or parties succeeding to the interest of the Obligated Group in the Mortgaged Property (including the Master Trustee, if such party were to acquire the interest of the Obligated Group in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of Sinai Residences, such as the Americans with Disabilities Act; costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation and costs associated with paying any deferred or suspended debt service payments.

Sinai Residences is generally suitable only for residential use and are specifically designed and constructed for senior adults and are not composed of general-purpose buildings. Additionally, Sinai Residences presently requires licenses from the State to operate. Therefore, Sinai Residences would not likely be suitable for industrial or commercial use and consequently, it would be difficult to find a buyer or lessee for Sinai Residences, and, upon any default, the Master Trustee may not realize the amount of the outstanding Series 2020 Bonds from the sale or lease of Sinai Residences in the event of sale of all or a portion of Sinai Residences following an Event of Default. See also “FLORIDA REGULATION OF CONTINUING CARE FACILITIES” for a discussion of the rights of residents in the event of foreclosure.

Any valuation of Sinai Residences is based on future projections of income, expenses, capitalization rates, and the availability of the partial or total property tax exemption. The Obligated Group has not made any representations to owners of the Series 2020 Bonds regarding the current market value of Sinai Residences and has not an as-is or as-built appraisal of Sinai Residences in connection with the issuance of the Series 2020 Bonds. Additionally, the value of Sinai Residences will at all times be dependent upon many factors beyond the control of the Obligated Group, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of Sinai Residences. Any weakened market condition may also depress the value of Sinai Residences. Any reduction in the market value of Sinai Residences could adversely affect the security available to the owners of the Series 2020 Bonds. There is no assurance that the amount available upon foreclosure of Sinai Residences after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Obligated Group on the Series 2020 Bonds and other outstanding parity obligations.

In the event of foreclosure, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by the Obligated Group since such purchaser may not enjoy the favorable financing rates associated with the Series 2020 Bonds and other benefits. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Mortgaged Property than nonprofit buyers, then the resale of the Mortgaged Property after foreclosure may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Mortgaged Property. In addition, there can be no assurance that the Mortgaged Property could be sold at 100 percent of its fair market value in the event of foreclosure. Although the Master Trustee will have available the remedy of foreclosure of the Mortgage in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such foreclosure, such as may be applicable in the event of the Obligated Group's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Obligated Group's obligations.

If an Event of Default occurs under the Master Indenture, it is uncertain that the Master Trustee or the Bond Trustee could successfully obtain an adequate remedy at law or in equity on behalf of the owners of the Series 2020 Bonds. In addition, the Obligated Group may issue additional Obligations under the Master Indenture from time to time in the future pursuant to the Master Indenture. If and when issued, such Obligations will be on a parity with Series 2020 Obligations and other outstanding parity obligations with respect to the benefits of the Master Indenture. In addition, should other entities become obligated under the Master Indenture in the future, the Obligated Group currently obligated under the Master Indenture would become jointly and severally liable for any Obligations issued on behalf of such other entities under the Master Indenture.

In the event that all of a portion of the Mortgaged Property is sold, then, in addition to the customary costs and expenses of operating and maintaining the Mortgaged Property, the party or parties succeeding to the interest of the Member of the Obligated Group in the Mortgaged Property (including the Master Trustee, if such party or parties were to acquire the interest of the Obligated Group or a Member in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the Mortgaged Property, such as the Americans with Disabilities Act; and costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

### **Title Insurance**

The Obligated Group has obtained mortgage title insurance with respect to the Mortgaged Property. Recovery under a title insurance policy issued to a mortgagee (here, the Master Trustee) is dependent upon a number of factors including, but not limited to, the amount of title insurance purchased relative to the value of the Mortgaged Property (with the current transaction, the current assessed value of the Mortgaged Property substantially exceeds the maximum coverage under the policy), the nature of the title defect, the terms of the title insurance policy, the presence of a payment default under the Obligations and the other terms and conditions of the insurance policy. No assurance can be given that any particular set of circumstances will give rise to a recovery under the title insurance policies.

### **Liquidation of Security May Not be Sufficient in the Event of a Default**

The Bond Trustee and the Authority must look solely to the Gross Revenues, the Mortgaged Property and any funds held under the Bond Indenture and the Master Indenture to pay and satisfy the Series 2020 Bonds in accordance with their terms. The owners of the Series 2020 Bonds are dependent upon the success of Sinai Residences and the value of the assets of the Obligated Group for the payment of the principal of, redemption price, if any and interest on, the Series 2020 Bonds. The Obligated Group has not made any representations to owners of the Series 2020 Bonds regarding the current market value of Sinai Residences and has not secured appraisals in connection with the issuance of the Series 2020 Bonds. In the event of a default, the value of Sinai Residences may be less than the amount of the outstanding Series 2020 Bonds, since Sinai Residences exists for the narrow use as a CCRC. The special design features of a CCRC and the continuing rights of residents under continuing care and lease

agreements may make it difficult to convert Sinai Residences to other uses, which may have the effect of reducing their attractiveness to potential purchasers.

### **Limited Assets of the Obligated Group**

The Corporation is the sole member of the Obligated Group and the sole business of the Obligated Group consists of the ownership and operation of Sinai Residences. Although it may seek donations from groups and individuals, the Corporation currently has no sources of funds if revenues from operation of Sinai Residences are not sufficient to cover expenses, including debt service on the Series 2020 Bonds and its other indebtedness.

### **Utilization Demand**

Several factors could, if implemented, affect demand for services provided at Sinai Residences including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; (iii) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the service areas for Sinai Residences; and (iv) increased or more effective competition from retirement communities, assisted living communities and long-term care facilities now or hereafter located in the service areas of Sinai Residences.

### **Potential Refund of Entrance Fees**

Under certain circumstances, the Obligated Group is obligated to refund all or a portion of a resident's Entrance Fee upon the resident's departure from Sinai Residences. The payment of such refunds could adversely affect the Obligated Group's ability to make payments required by the Loan Agreement, the Series 2020 Bonds and Series 2020 Obligations and the other indebtedness of the Obligated Group. See "Residency and Care Agreements" in Appendix A hereto.

### **Discounting of Entrance Fees**

The Obligated Group may feel compelled to offer discounts to Entrance Fees in the future to achieve desired levels of occupancy of Sinai Residences. Discounting of Entrance Fees could significantly affect the cash flow of the Obligated Group and have a material adverse effect on the ability of the Obligated Group to make to make payments required by the Loan Agreement, the Series 2020 Bonds and Series 2020 Obligations and the other indebtedness of the Obligated Group.

### **Financial Assistance and Obligation to Residents**

The Obligated Group only intends to enter into Residence and Care Agreements with residents who it judges to be creditworthy. The Obligated Group intends to provide, but does not guarantee, financial assistance to residents unable to pay Monthly Service Fees by reasons of circumstances beyond their control. The Obligated Group, as organizations described in Section 501(c)(3) of the Code (an "Exempt Organization"), is required by applicable laws relating to its status as an Exempt Organization to maintain a policy of generally not requiring residents to leave Sinai Residences because of the inability to pay, and the Obligated Group has such a policy. Such requirement and policy may require the Obligated Group in the future to provide increased financial assistance or absorb greater operating losses. There may be circumstances, however, under which the requirements for greater financial assistance may have a material adverse effect on the financial condition of the Obligated Group and any future Members of the Obligated Group that qualify as Exempt Organizations.

### **Nature of Income and Assets of the Elderly**

A large percentage of the monthly income of the residents of Sinai Residences is expected to be fixed in amount, consisting of income derived from savings, pensions, investments and Social Security payments. If, due to inflation or otherwise, substantial increases in Monthly Service Fees are required to cover increases in operating costs and other expenses, residents may have difficulty paying or may be unable to pay increased fees. In addition,



some residents may need to liquidate assets, such as by selling a home, to pay the required fees. The Obligated Group's inability to collect from residents the full amount of their payment obligations, either when due or at all, may jeopardize the ability of the Obligated Group to pay amounts due under the Loan Agreement and Series 2020 Obligations.

### **Sale of Homes**

The number of persons who can afford payment of the substantial Entrance Fees and Monthly Service Fees may be affected by general economic conditions. It is anticipated that a substantial number of existing and potential applicants for residency in Sinai Residences will expect to pay the Entrance Fees from the proceeds of the sale of a residence. Nationwide, and particularly in Florida, there previously had been a substantial reduction in residential sales volume, a reduction in residential sales prices and residential mortgage loans generally had become less available. While housing prices and sales volume in Florida have stabilized and shown recent improvement, if there is another reduction or stagnation in residential sales volume or if mortgage loans remain difficult to secure or if such loans are only available only at interest rates that prospective home purchasers are unwilling to pay, or should there be any material adverse conditions in the residential housing market, such applicants might be unable to sell their homes at acceptable financial terms, and in such event may choose not to establish residence at Sinai Residences.

### **Risks of Real Estate Investment**

Ownership and operation of real estate, such as Sinai Residences, involves certain risks, including the risk of adverse changes in general economic and local conditions (such as the possible future oversupply and lagging demand for rental housing for the aged), adverse use of adjacent or neighboring real estate, continued community acceptance of Sinai Residences, increased competition from other senior living facilities, changes in the cost of operation of Sinai Residences, difficulties or restrictions in the Obligated Group's ability to raise rents charged, damage caused by adverse weather, climate change and delays in repairing such damage, population decreases, uninsured losses, failure of residents to pay rent, operating deficits and mortgage foreclosure, lack of attractiveness of Sinai Residences to residents, deterioration of the physical aspects of Sinai Residences, adverse changes in neighborhood values, and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If Sinai Residences, or any parts of Sinai Residences, become uninhabitable, such as during restoration after damage or destruction, the residence units or common areas affected may not be available for a period of time, which could adversely affect the ability of the Obligated Group to generate sufficient revenues to make the payments required by the Loan Agreement, the Series 2020 Bonds and Series 2020 Obligations and the other indebtedness of the Obligated Group. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of Sinai Residences difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by Sinai Residences as well as the market price received for Sinai Residences in the event of a sale or foreclosure of Sinai Residences. Many other factors may adversely affect the operation of Sinai Residences and cannot be determined at this time.

### **Factors Affecting Real Estate Taxes**

In recent years various state and local legislative, regulatory and judicial bodies have reviewed the exemption of non-profit corporations from real estate taxes. Various state and local government bodies have challenged with increasing frequency and success the tax-exempt status of such institutions and have sought to remove the exemption of property from real estate taxes of part or all of the property of various non-profit institutions on the grounds that a portion of such property was not being used to further the charitable purposes of the institution. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements.

The Skilled Nursing Beds (but not the Assisted Living Units or the Independent Living Units) owned and operated by the Obligated Group are currently exempt from the payment of property taxes. There can be no assurance that future changes in the laws and regulations of state or local governments will not materially and adversely affect the operation and revenues of the Obligated Group by requiring the Obligated Group to pay real estate taxes for such portions of Sinai Residences owned and operated by the Obligated Group.

## **Competition**

Sinai Residences is located in an area where other continuing care retirement facilities and other competitive facilities exist and may in the future be developed. Sinai Residences may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing continuing care facilities in the geographic areas served by Sinai Residences. The Obligated Group presently faces and will continue to face competition from other forms of retirement living, including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities but not necessarily similar services, at lower prices. In addition, there are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for independent living facilities, although continuing care facilities would be required to obtain a certificate of authority from OIR. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted. For more information about competition in the service area of Sinai Residences, see the “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto. The Financial Feasibility Study should be read in its entirety.

## **Rights of Residents**

The Obligated Group enters into Residence and Care Agreements with its residents. For more information about the reservation agreements and Residence and Care Agreements, see “RESERVATION AGREEMENTS” and “RESIDENCE AND CARE AGREEMENTS” in Appendix A hereto. Although the reservation and Residence and Care Agreements give to each resident a contractual right to use space and not any ownership rights in Sinai Residences, in the event that the Bond Trustee or the holders of the Series 2020 Bonds seek to enforce any of the remedies provided by the Bond Indenture upon the occurrence of a default or the Master Trustee seeks to enforce remedies under the Mortgage or the Master Indenture, it is impossible to predict the resolution that a court might make of competing claims among the Master Trustee, the Bond Trustee, the Authority or the holders of the Series 2020 Bonds and a resident of Sinai Residences who has fully complied with all the terms and conditions of his or her Residence and Care Agreement.

## **Regulation of Residence and Care Agreements**

As described herein under “FLORIDA REGULATION OF CONTINUING CARE FACILITIES,” Chapter 651 requires every continuing care facility to maintain a certificate of authority from the Office of Insurance Regulation in order to operate. The Obligated Group has received final certificates of authority for the Phase I Project and a consent order with respect to the Phase II Expansion. If the Obligated Group fails to comply with the requirements of Chapter 651, it would be subject to sanctions including the possible revocation of certificates of authority for Sinai Residences. The certificate of authority may be revoked if certain grounds exist including, among others, failure by the provider to continue to meet the requirement for the certificate of authority originally granted, on account of deficiency of assets, failure of the provider to maintain escrow accounts or funds required by Chapter 651 and failure by the provider to honor its Residence and Care Agreements with residents. Under certain circumstances the Office of Insurance Regulation may petition for an appropriate court order for rehabilitation, liquidation, conservation, reorganization, seizure or summary proceedings. If the Office of Insurance Regulation has been appointed a receiver of a continuing care facility, it may petition a court to enjoin a secured creditor of a facility from seeking to dispose of the collateral securing its debt for a period of up to 12 months.

## **Organized Resident Activity**

The Obligated Group may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of Monthly Service Fees with respect to Sinai Residences or other charges without increase. Moreover, the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down Monthly Service Fees and other charges. No assurance can be given that the Obligated Group will be able satisfactorily to meet the needs of such resident groups and that such activity would not adversely impact occupancy.

## **Staffing**

Management of the Corporation believes that its salary and benefits package is competitive with other comparable institutions in the respective areas in which the Corporation operates and that its employee relations are satisfactory. The health care industry has, at times, experienced a shortage of qualified nursing and other health care personnel. In addition, at times, markets for other staffing, such as housekeepers and maintenance staff can be competitive and result in staffing scarcity or increases compensation and benefits expense. The Corporation competes with other health care providers and with non-health care providers for both professional and nonprofessional employees. While the Corporation has been able to retain the services of an adequate number of qualified personnel to staff its Project appropriately and maintain its standards of quality care, there can be no assurance that personnel shortages will not in the future affect its ability to attract and maintain an adequate staff of qualified health care personnel and could force the Corporation to employ temporary staff through employment agencies. A lack of qualified personnel could result in significant increases in labor costs or otherwise adversely affect its operating results.

## **Increases of Costs**

The cost of providing health care services may increase due to many reasons, including increases in salaries paid to nurses and other health care personnel and due to shortages in such personnel that many require the use of employment agencies. Additionally, recent changes to federal wage and labor laws will likely impact the Obligated Group. The current COVID-19 pandemic has recently increased certain medical and operating costs.

## **Labor Union Activity**

Certain residential care facilities are being subjected to increasing union organizational efforts. Employees of the Obligated Group are not presently subject to any collective bargaining agreements. There can be no assurance, however, that such employees will not seek to establish collective bargaining agreements with the Obligated Group, and if so established, such collective bargaining agreements could result in significantly increased labor costs to the Obligated Group and have an adverse effect on the financial condition of the Obligated Group.

## **Natural Disasters**

Florida has suffered from natural disasters over the years, including but limited to hurricanes, droughts, flooding, seepage, windstorm, wildfire, ground subsidence, sinkholes, radon, gas exposures and other geological changes. While the Obligated Group believes that it maintains adequate insurance to cover any loss arising from such natural disasters, there can be no assurance that in severe circumstances that such insurance will be adequate to rebuild all or a portion of Sinai Residences. Additionally, there can be no assurance that after experiences with natural disasters, residents will continue to choose to live in such areas of the country. Such decisions could have an adverse impact on the financial success of the Obligated Group.

## **Cybersecurity**

The Obligated Group has developed a security management strategy to mitigate cybersecurity risks. The Obligated Group rely on computer systems and technologies to conduct many of their operations. Despite security measures, policies and training, they may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the services provided by the Obligated Group, thereby adversely affecting revenues. The Obligated Group maintain security measures designed to deter cyber-attacks, but no assurances can be given that these security measures will successfully prevent all cyber-attacks.

## **Malpractice Claims and Losses**

The Obligated Group has covenanted in the Master Indenture to maintain professional liability insurance. The operations of the Obligated Group may be affected by increases in the incidence of malpractice lawsuits against

elder care facilities and care providers in general and by increases in the dollar amount of client damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining malpractice insurance. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Obligated Group or the premiums at which such coverage can be obtained, however, such lawsuits have not historically affected the Corporation's operations or financial position and the Corporation does not expect this to occur in the future.

## **Insurance and Legal Proceedings**

The Master Indenture requires the Obligated Group to carry certain insurance, including malpractice insurance. Uninsured claims and increases in insurance premiums, or the unavailability of insurance, could, to the extent not covered by increased revenues, adversely affect the financial condition of the Obligated Group.

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased nationwide, resulting in substantial increases in professional and general liability insurance premiums and, at times, in difficulty obtaining such insurance. Professional liability, elder abuse and other actions alleging wrongful conduct and seeking punitive damages often are filed against health care and senior care providers such as the Corporation. Insurance does not provide coverage for judgments for punitive damages and may not provide coverage for allegations of elder abuse. Litigation may also arise from the corporate and business activities of the Corporation and from the Corporation's status as an employer. As with professional liability, many of these risks are covered by insurance, but some are not. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Corporation or the premiums at which such coverage can be obtained.

While the Obligated Group is required by the Master Indenture to have in effect at all times comprehensive general liability insurance providing insurance against liability for personal and bodily injury including death resulting therefrom, if a claim or judgment against a member of the Obligated Group for an amount in excess of the limits of such insurance were to arise, it would likely have a material adverse effect on the financial results of the Obligated Group. In addition, the Obligated Group's insurance policies must be renewed periodically. Because the increased litigation in the retirement and nursing care business has resulted in increased insurance premiums and an increased difficulty in obtaining insurance at reasonable rates, there can be no assurance that insurance coverage will continue to be available to the Obligated Group at reasonable premiums, if at all.

## **Availability of Remedies**

The remedies available to the Bond Trustee, the Master Trustee and the owners of the Series 2020 Bonds upon an event of default under the Bond Indenture and the Master Indenture are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Bond Indenture and the Master Indenture may not be readily available or may be limited. The legal opinion delivered by counsel to the Obligated Group to be delivered concurrently with the delivery of the Series 2020 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

## **Bankruptcy**

If one or more Members of the Obligated Group were to file a petition for relief under the United States Bankruptcy Code, its revenues and certain of its accounts receivable and other property acquired after the filing (and under certain conditions some or all thereof acquired within 120 days prior to the filing) would not be subject to the security interests created under the Master Indenture. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Member or Members of the Obligated Group and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the property, including accounts receivable and proceeds thereof, of such Member or Members could be used for the benefit of the Obligated Group despite the security interest of the Master Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, 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, among other conditions, 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 in favor of junior creditors. Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of bondholder's portions of revenues consisting of Medicare and other governmental receivables.

On April 20, 2005, the Health Care Bankruptcy Bill was enacted (the "Health Care Bankruptcy Act"). The stated goal of the Health Care Bankruptcy Act was to encourage health care companies to consider the patients' rights and interests when administering their bankruptcy cases related to (1) disposal of patient records, (2) transferring patients to new facilities, (3) appointment of a patient ombudsman, and (4) exclusions of a debtor from Medicare and other federal health care programs.

In the event of bankruptcy of one or more Members of the Obligated Group, there is no assurance that certain covenants, including tax covenants, contained in the Bond Indenture, the Loan Agreement, the Master Indenture and certain other documents would survive. Accordingly, the Obligated Group, as debtor in possession, or a bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Series 2020 Bonds from gross income of the Owners for federal income tax purposes.

#### **Additions to and Withdrawals from the Obligated Group**

Upon satisfaction of certain conditions in the Master Indenture, other entities can become Members of the Obligated Group and existing Members may withdraw from the Obligated Group; provided that the Master Indenture prohibits the Corporation from withdrawing from the Obligated Group. See also "Master Indenture" in Appendix D hereto. Management of the Obligated Group currently has no plans to add any additional Members to the Obligated Group. However, if and when new Members are added, or one or more Members withdraw, the Obligated Group's financial situation and operations will likely be altered.

#### **Third-Party Payments and Managed Care**

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. CCRCs are less sensitive to this directed utilization than stand-alone skilled nursing facilities; however, the risk may increase, and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

#### **Additional Indebtedness**

The Master Indenture permits the Obligated Group to incur Additional Indebtedness which may be secured *pari passu* with Series 2020 Obligations and the parity obligations. Any such Additional Indebtedness would be entitled to share ratably with the holders of Series 2020 Obligations and the holders of parity obligations in any moneys realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of such Additional Indebtedness could reduce the Historical Pro Forma Debt Service Coverage Ratio and could impair the ability of the Obligated Group to maintain its compliance with certain covenants described in the Master Indenture in Appendix D hereto. There is no assurance that, despite compliance with the conditions upon which such Additional Indebtedness may be incurred at the time such debt is created, the ability of the Obligated Group to make the necessary payments to repay Series 2020 Obligations and the parity obligations may not be materially adversely affected upon the incurrence of Additional Indebtedness.

At the time of the issuance of the Series 2020 Bonds, the Series 2020 Obligations will constitute approximately 54%\* of the Obligated Group's Outstanding parity obligations. See "SECURITY FOR THE SERIES 2020 BONDS – The Master Indenture – Outstanding parity obligations" and "ANNUAL DEBT SERVICE REQUIREMENTS" herein. See also "FINANCIAL INFORMATION – Prior Bonds" in APPENDIX A hereto.

### **Certain Matters Relating to Enforceability of the Master Indenture**

The obligations of the Obligated Group and any future Member of the Obligated Group under Series 2020 Obligations will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligated Group and any future Member of the Obligated Group will 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 incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including Series 2020 Obligations pledged under the related Bond Indenture as security for the related series of Bonds.

The obligations described herein of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Obligations issued by a Member other than the Member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to pay debt service on Series 2020 Obligations may be voided by a trustee in bankruptcy in the event of bankruptcy of a Member of the Obligated Group, or by third-party creditors in an action brought pursuant to Florida fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Florida fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Florida fraudulent conveyance 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 Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce

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\* Preliminary, subject to change

such a payment in the event it is determined that such Member is analogous to a guarantor of the debt of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for such Member's guaranty was not received and that the incurrence of such Obligation has rendered or will render the such Member insolvent.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on an Obligation should occur and be continuing, it will deposit daily the proceeds of its Gross Revenues. Such deposits will continue daily until such default is cured.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Corporation as to enforceability of such covenant with respect to the required deposits.

### **Limitations on Security Interest in Gross Revenues**

The effectiveness of the security interest in the Obligated Group's Gross Revenues granted in the Master Indenture may be limited by a number of factors, including: (i) present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of any Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid, general assistance and other governmental programs; (iii) commingling of the proceeds of Gross Revenues with other moneys of a Member of the Obligated Group not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws which may affect the enforceability of the mortgage or the security interest in the Gross Revenues of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against a Member of the Obligated Group; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Florida Uniform Commercial Code as from time to time in effect.

In addition, cash held by the Obligated Group may not be subject to any perfectible security interest under the Uniform Commercial Code ("UCC"). The security interest in any item of inventory will be inferior to the interest of a buyer in the ordinary course of business and will be inferior to a purchase money security interest, as defined in the UCC, perfected in connection with the sale to the Obligated Group of such item.

The lien on certain other pledged assets may not be enforceable against third parties unless such other pledged assets are transferred and delivered to the Master Trustee (which transfer the Obligated Group is not required by the Master Indenture to make prior to a default thereunder and which transfer may be set aside if it occurs within 90 days of the filing of a petition of bankruptcy), is subject to exception under the UCC and may be lost if the proceeds are commingled or expended by the Obligated Group.

Furthermore, the federal government restricts the assignment of rights arising out of Medicare, Medicaid and other federal programs. No opinion will be expressed by counsel to the Corporation as to the perfection of any security interest in the assignment of such rights.

The Master Indenture provides that if an Event of Default shall have occurred and be continuing, the Master Trustee may request that each Member of the Obligated Group deliver all Gross Revenues to it; *provided*, that if the Holders of a majority in aggregate principal amount of Obligations then Outstanding request that each Member of the Obligated Group deliver all Gross Revenues to the Master Trustee, the Master Trustee shall make such demand.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Obligated Group as to enforceability of such covenant with respect to the required deposits.

### **Certain Amendments to Bond Indenture and Master Indenture**

In general, the Bond Indenture permits amendments to be made thereto only with the consent of the holders of a majority in aggregate principal amount of the Bonds of all series then Outstanding affected thereby, provided, however, that the following amendments require consent of all the owners of all the Bonds at the time Outstanding:

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or 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) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such supplemental indenture, or the consent of whose owners is required for any waiver (of compliance with certain provisions of the Bond Indenture or certain defaults under the Bond Indenture and their consequences) provided for in the Bond Indenture, or

(c) modify any of the provisions of this Section or Section 8.12, except to increase any such percentage or to provide that certain other provisions of the Bond Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with respect to an Outstanding Bond, with the consent of the owners of at least eighty percent (80%) in aggregate principal amount of all Outstanding Bonds; provided, however, any such amendment shall not result in a change in preference or priority of any Bond over any other Bond and no such amendment described in clauses (a), (b), or (c) shall result in a disproportionate change, reduction or modification with respect to any Bonds.

This provision is intended to make it easier for the Corporation to restructure its indebtedness, including the Series 2020 Bonds, if an Event of Default has occurred, without having to file for bankruptcy under the federal Bankruptcy Code. In the absence of a provision such as this in the Bond Indenture, such a change in payment terms on the Series 2020 Bonds could only be made under a plan of reorganization approved by a Bankruptcy Court. The consent of the holders of 100% of the Series 2020 Bonds would be extremely difficult to obtain, and a bankruptcy filing would necessarily involve delay and expense which could affect the ability of the Corporation to accomplish a successful reorganization. This provision would only be in effect if an Event of Default occurred and was continuing.

Prospective purchasers of the Series 2020 Bonds are advised that this change means there is a risk that if an Event of Default occurs, there may be an amendment made to the Bond Indenture which affects the payment provisions of the Series 2020 Bonds such purchaser holds or other matters described in clauses (a), (b) and (c) above. This amendment may be made without the consent of such purchasers, if the holders of at least eighty percent (80%) in aggregate principal amount of the Series 2020 Bonds of the same maturity consent to such amendment, and the other conditions to such are met.

The Master Indenture contains a similar provision to that described above. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture – Amendments and Waivers” in Appendix D hereto.



## **Environmental Matters**

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In its role as the owner and operator of properties or facilities, the Obligated Group may be subject to liability for investigating and remediating any hazardous substances that may have migrated off of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligated Group.

The Obligated Group secured a Phase I Environmental Assessment in connection with the issuance of the Series 2020 Bonds. The Obligated Group is not aware of any environmental liability with respect to any of its properties that it believes would have a material adverse effect on the Obligated Group's business, financial condition, or results of operations. The Obligated Group believes that its operations are in compliance in all material respects with all federal, state, and local laws, ordinances, and regulations regarding hazardous or toxic substances or petroleum products. The Obligated Group currently is not a party to any legal proceeding that its management believes would have a material adverse effect on its business, financial condition, or results of operations. See "THE PHASE II EXPANSION – Environmental Site Assessment and Subsurface Exploration" herein.

However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions are initiated, the Obligated Group could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project Site. In addition, under applicable environmental statutes, in the event an enforcement action was initiated, a lien superior to the Master Trustee's lien on behalf of the Bondholders could attach to Sinai Residences, which would adversely affect the Master Trustee's ability to realize value from the disposition of such Facility upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to Sinai Residences under the Master Indenture, the Master Trustee would need to take into account the potential liability of any owner of Sinai Residences, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

## **Federal and State Health Care Laws and Regulations; Medicare and Medicaid**

The Obligated Group's Independent Living Units are not currently subject to significant federal governmental regulation, other than laws and regulations applicable generally to developers and operators of residential real estate. For example, the Obligated Group must comply with the Federal Fair Housing Act and Fair Housing Amendments Act of 1988, 42 U.S.C.A. §3601 et seq., as amended and the analogous Florida Fair Housing Act, Florida Statutes §§ 760.20-760.37, as amended (both of which among other things, prohibit discrimination in housing) and the Rehabilitation Act of 1973 as supplemented and amended by the Americans with Disabilities Act of 1990, 42 U.S.C.A. §12101 et seq., as amended and the Florida Civil Rights Act, Florida Statutes §§ 760.01 – 760.11, as amended (both of which mandates the elimination of discrimination against individuals with disabilities and imposes certain standards relating to the construction and/or renovation of certain buildings and structures and the treatment of individuals with disabilities including disabilities associated with old age). Compliance with such regulatory requirements may adversely affect the Obligated Group's financial results. Failure to comply with such requirements could also result in the imposition of various fines and other remedies.

Skilled nursing facilities (“SNFs”) that accept payment from Medicare and Medicaid are required to comply with other federal laws that affect the rights of residents, including the Federal Nursing Home Reform Act, the Rehabilitation Act of 1973 and related regulations. In addition, state laws establish the rights and responsibilities of residents of nursing homes and assisted living facilities. Failure to comply with these laws can result in regulatory action, monetary fines, loss or restriction of licensure or certification, and other remedies. There is no certainty that compliance with the laws or regulatory actions under them will not adversely affect operation of Sinai Residences or the financial condition of the Obligated Group.

The health care industry in general is subject to highly technical regulation by a number of federal, state and local governmental agencies, including the Centers for Medicare and Medicaid Services. As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program. Additional legislation dealing with nursing home revenues could be introduced that, if enacted, might have an adverse impact upon the revenues of the Facility.

There is an expanding and increasingly complex body of law, regulation and policy (both federal and state) relating to the Medicaid and Medicare programs, which is not directly related to payments under such programs. This includes reporting and other technical rules as well as broadly stated prohibitions regarding improper inducements for referrals, referrals by physicians for designated health services to entities with which the physicians have a prohibited financial relationship, and payment of kickbacks in connection with the purchase of goods and services. Violations of prohibitions against false claims, improper inducements and payments, prohibited physician referrals, and illegal kickbacks may result in civil and/or criminal sanctions and penalties. Civil penalties range from monetary fines that may be levied on a per-violation basis to temporary or permanent exclusion from the Medicaid and Medicare programs. The determination that Sinai Residences was in violation of these laws could have a material adverse effect on finances of the Obligated Group. Indeed, even the cost of defending against such allegations could be significant.

## **Medicare**

Medicare is a federal insurance program that, among other things, provides reimbursement for nursing facility care in Medicare-certified facilities. Generally, a resident will qualify for Medicare reimbursement only if the resident’s admission to the nursing home facility is immediately subsequent to the resident’s three or more day stay at an acute care facility. Medicare reimbursement for nursing care is limited to a renewable 100-day period for each qualified resident.

Other future legislation, regulation or actions by the federal government are expected to continue the trend toward more limitations on reimbursement for long term care services. At present, no determination can be made concerning whether or in what form such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the Obligated Group’s financial performance cannot be determined at this time. The current congressional discussions regarding decreasing the federal budget in connection with raising the federal debt decision may result in lowering Medicare payments to providers such as the Obligated Group.

***Medicare Reimbursement.*** Medicare reimbursement to SNFs depends on several factors, including the character of the facility, the beneficiary’s circumstances, and the type of items and services provided. Extended care services furnished by SNFs are covered only if the patient spent at least three consecutive days as a hospital inpatient prior to admission to the SNF and if the patient was admitted to the SNF within 30 days of discharge from a qualifying hospital stay. Medicare Part A generally covers institutional health services, including hospital, home health, nursing home care, and certain other services, and Medicare Part B generally covers certain physician services, medical supplies, and durable medical equipment. The Medicare Advantage Program, also known as Medicare Part C, enables Medicare beneficiaries to choose to obtain their Part A and Part B benefits through a variety of risk-based plans. Medicare Part D assists beneficiaries with paying for prescription drugs. Medicare is administered by the Centers for Medicare & Medicaid Services (“CMS”), an agency of the U.S. Department of Health and Human Services (“HHS”). HHS’s rule-making authority is substantial, and its rules are extensive and complex. Substantial deference is given by courts to rules promulgated by HHS.

Participation in any federal healthcare program is heavily regulated. Providers and suppliers that participate in the Medicare program must agree to be bound by the terms and conditions of the program, such as meeting quality standards for rendering covered services and adopting and enforcing policies to protect patients from certain discriminatory practices and must disclose certain ownership interests and/or managing control information. If a healthcare entity fails to substantially comply with any applicable conditions of participation in the Medicare and Medicaid programs or performs certain prohibited acts, the entity's participation in these programs may be terminated, and civil and/or criminal penalties may be imposed.

The government uses Medicare reimbursement as a key tool to implement healthcare policies, to allocate healthcare resources and to control utilization, facility and provider development and expansion, and technology use and development. Changes in Medicare funding levels and the transition of Medicare enrollees into Medicare managed care plans, could have an adverse effect on the Obligated Group's revenues. There is frequent debate over the federal budget commitment to the Medicare program. Congress has consistently attempted to curb the growth of federal spending on healthcare programs. The pressure to curb the rate of increase in federal spending in healthcare programs overall and on a per-beneficiary basis is expected to increase as the United States population ages. Among other effects, this pressure may result in reduced payment rates for healthcare services and in increased utilization of managed care in the Medicare and Medicaid programs. In addition, Congress and other governmental agencies, and uninsured patients through certain federal and state class action litigation, have focused on the availability of healthcare to indigent and uninsured or underinsured patients, and the obligations of tax-exempt, not for profit healthcare organizations to these populations. Additional legislation or regulation in these areas could have an adverse effect on the results of operations of the Corporation.

The Affordable Care Act, discussed in more detail below, affects how healthcare services are covered, delivered, and reimbursed while expanding coverage to previously uninsured individuals and reducing government healthcare spending. In addition to the reimbursement reductions and adjustments under the Affordable Care Act and as discussed herein, the Budget Control Act of 2011 requires automatic spending reductions to reduce the federal deficit, including Medicare spending reductions of up to 2% per fiscal year, with a uniform percentage reduction across all Medicare programs. These automatic spending reductions began in 2013, with CMS imposing a 2% reduction on Medicare claims, and have been extended through 2025. CMS contracts with non-government organizations or agencies to serve as the fiscal agents between providers and CMS to process enrollment in and claims for payment by the Medicare program. These agents apply the Medicare coverage rules to determine the appropriateness of claims. To service Part A and Part B providers, CMS has contracted the Medicare fiscal intermediary and Medicare carrier functions to Medicare Administrative Contractors ("MACs"), which are geographically assigned.

The Balanced Budget Act of 1997 mandates the implementation of a per diem prospective payment system ("PPS") for SNFs covering all costs (routine, ancillary and capital) related to the services furnished to beneficiaries under Part A of the Medicare program. Major elements of the current system include the following:

**Rates:** Federal rates are set using allowable costs from FY 1995 cost reports. The rates also include an estimate of the cost of services which, prior to July 1, 1998, had been paid under Part B but furnished to SNF residents during a Part A covered stay. FY 1995 costs are updated to FY 1998 by a SNF market basket minus 1 percentage point for each of fiscal years 1996, 1997 and 1998. Providers which received new provider exemptions in FY 1995 are excluded from the data base. Routine cost limit exceptions payments are also excluded. The data is aggregated nationally by urban and rural area to determine standardized federal per diem rates to which case mix and wage adjustments apply.

**Case Mix Adjustment:** Payments under the SNF PPS are case-mix adjusted in order to reflect the relative resource intensity that would typically be associated with a given patient's clinical condition, as identified through the resident assessment process. The SNF PPS also includes an administrative presumption whereby a beneficiary who is correctly assigned one of the designated, more intensive case-mix classifiers on the initial 5-day, Medicare-required assessment is automatically classified as meeting the SNF level of care definition up to and including the assessment reference date (ARD) for that assessment. (A beneficiary who is not assigned one of the designated case-mix classifiers is not automatically classified as either meeting or not meeting the definition, but instead receives an individual level of care determination using the existing administrative criteria.)

- o For services furnished prior to October 1, 2019, CMS has designated for this purpose all groups encompassed by the following categories under the Resource Utilization Groups, version IV (RUG-IV) model: Rehabilitation plus Extensive Services; Ultra High Rehabilitation; Very High Rehabilitation; High Rehabilitation; Medium Rehabilitation; Low Rehabilitation; Extensive Services; Special Care High; Special Care Low; and Clinically Complex.

- o For services furnished on or after October 1, 2019, CMS designates for this purpose the following classifiers under the Patient Driven Payment Model (PDPM): Those nursing groups encompassed by the Extensive Services, Special Care High, Special Care Low, and Clinically Complex nursing categories; PT and OT groups TA, TB, TC, TD, TE, TF, TG, TJ, TK, TN, and TO; SLP groups SC, SE, SF, SH, SI, SJ, SK, and SL; and the NTA component's uppermost (12+) comorbidity group.

**Geographic Adjustment:** The labor portion of the federal rates is adjusted for geographic variation in wages using the hospital wage index.

**Annual Updates:** Payment rates are increased each Federal fiscal year using a SNF market basket index (PDF).

**Transition:** A three-year transition that blends a facility-specific payment rate with the federal case mix adjusted rate is used. The facility-specific rate includes allowable costs (from FY 1995 cost reports) including exceptions payments. Payments associated with 'new provider' exemptions are included but limited to 150 percent of the routine cost limit. It also includes an add-on for related Part B costs similar to the federal rate.

Payments of Medicare patients in SNFs are now based on a Patient-Driven Payment Model ("PDPM"). Under the current PDPM, SNFs are paid a single per diem rate per based upon the resident's clinical characteristics. PDPM rates are based on the expected resource needs of patients and cover routine services, therapy services and nursing costs. SNF PDPM payment rates are adjusted annually. There is no guarantee that the SNF rates, as they may change from time to time, will cover the actual costs of providing care to Medicare SNF patients.

The Health Care Reform Statutes also required the Secretary of the United States Department of Health and Human Services ("DHHS") to develop a "value based" purchasing program (based on performance and quality measures and other factors) for SNFs. DHHS is required to publish the measures selected with respect to fiscal year 2014, including procedures for the public to review such data. This will eventually result in a mandatory requirement for nursing homes reporting on key performance and other quality performance measures and the development of a pay for performance program for SNFs which will impact reimbursement to SNFs. Compliance with the performance and other quality performance measures will be essential for full reimbursement under the Medicare Program. In 2014, the Health Care Reform Statutes require that the annual update to the standard federal rate for discharges during the rate year will be reduced by two percentage points for each facility that does not report quality data. The Secretary is also required to study the impact of expanding Medicare's health care acquired conditions reduced payment policy to SNFs. Because the Health Care Reform Statutes are relatively new, the full impact of these provisions is unknown and subsequent laws, regulation and guidance impacting Medicare policy and reimbursement may provide additional changes which may adversely impact skilled nursing homes.

Medicare has also increased its efforts to recover overpayments. CMS is expanding its use of Recovery Audit Contractors ("RACs") to further assure accurate payments to providers. RACs search for potentially improper Medicare payments from prior years that may have been detected through CMS existing program integrity efforts. RACs use their own software and review processes to determine areas for review. Once a RAC identifies a potentially improper claim as a result of an audit, it applies an assessment to the provider's Medicare reimbursement in an amount estimated to equal the overpayment from the provider pending resolution of the audit. In 2014, the RAC project returned approximately \$2.4 billion to the Medicare program, with Florida accounting for \$139 million of this amount. Such audits may result in reduced reimbursement for past alleged overpayments and may slow future Medicare payments to providers pending resolution of appeals process with RACs, as well as increase purported Medicare overpayments and associated costs for the Obligated Group.

Other future legislation, regulation or actions by the federal government are expected to continue to trend toward more restrictive limitations on reimbursement for the long-term care services. At present, no determination

can be made concerning whether, or in what form, such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the financial performance of the Obligated Group cannot be determined at this time.

**Medicare Reporting Requirements.** Medicare regulations provide that all entities furnishing services for which payment may be made under Medicare are required to submit certain information to CMS. Persons who fail to submit the required information or who fail to report the information accurately and completely are subject to civil or criminal money penalties. As these requirements are numerous, technical and complex, there can be no assurance that one or more Members of the Obligated Group may not incur such penalties in the future. These penalties could have a material adverse effect on the Obligated Group's revenues and/or its ability to operate.

**Federal and State Health Information Privacy Laws.** Federal and state law provide for the protection of confidential patient health information and provide enforcement provisions and a fining structure for violations of those provisions. In the case of federal privacy and security regulations adopted under the Health Insurance Portability and Accessibility Act ("HIPAA"), 45 C.F.R. Part 160- Part 164, and other provisions significant fines may be levied for each day of a violation for loss of protected health information particularly of electronic health information and even inadvertent violations have resulted in significant fines and penalties being assessed against covered entities who have permitted protected health information to be misused, lost, or stolen. As these requirements are numerous, technical and complex, there can be no assurance that one or more Members of the Obligated Group may not incur such penalties under HIPAA regulations or similar laws in the future. These penalties could have a material adverse effect on the Obligated Group's revenues and/or its ability to operate.

**Government Health Program Regulations Governing Fraud and Abuse and Certain Referrals.** Federal and state health care fraud and abuse laws generally regulate services furnished to beneficiaries of federal and state (including Medicare) and private health insurance plans, and they impose penalties for improper billing and other abuses. Under these laws, health care providers may be punished for billing for services that were not provided, not medically necessary, provided by an improper person, accompanied by an illegal inducement to use or not use another service or product, or billed in a manner that does not comply with applicable government requirements. Violations of these laws are punishable by a range of criminal, civil and administrative sanctions. If the Obligated Group violates one of the fraud and abuse laws, among other possible sanctions, federal or state authorities could recover amounts paid, exclude the Obligated Group from participation in the Medicare program, impose civil monetary penalties, and suspend Medicare payments. The federal government (and individuals acting on its behalf) have brought many investigations, prosecutions and civil enforcement actions under the fraud and abuse laws in recent years. In some cases, the scope of the fraud and abuse laws are so broad that they may result in liability for business transactions that are traditional or commonplace in the health care industry.

There is an increasingly expanding and complex body of state and federal law, regulation and policy relating to relationships between providers of health care services to patients and potential referral sources such as, but not limited to, physicians. The federal and state illegal remuneration statutes and anti-kick back statutes applicable to Medicare, Medicaid, and all federal and state health care programs ("Government Programs") prohibits the offer, payment, solicitation, or receipt of any remuneration, directly or indirectly, covertly or overtly, in cash or in kind, for (1) the referral of patients, or arranging for the referral of patients, for the provision of items or services for which payment may be made under the Government Programs; or (2) the purchase, lease or order, or arranging for the purchase, lease or order, of any good, facility, service or item for which payment may be made under the Government Programs. A violation of the illegal remuneration statute constitutes a felony criminal offense, and applicable sanctions include imprisonment of up to five years, fines up to \$25,000 and exclusion from the Medicare program.

The federal civil False Claims Act ("Civil FCA") prohibits anyone from knowingly submitting a false, fictitious or fraudulent claim to the federal government. Violation of the Civil FCA can result in civil money penalties and fines, including treble damages. Private individuals may initiate actions on behalf of the federal government in lawsuits called qui tam actions. The plaintiffs, or "whistleblowers," can recover significant amounts from the damages awarded to the government. In several cases, Civil FCA violations have been alleged solely on the existence of alleged kickback arrangements or violations of Section 1877 of the Social Security Act (commonly known as the "Stark Law"), even in the absence of evidence that false claims had been submitted as a result of those arrangements. The Patient Protection and Affordable Care Act ("PPACA") creates Civil FCA liability for knowingly

failing to report and return an overpayment within a specified time. The federal criminal False Claims Act (“Criminal FCA”) prohibits the knowing and willful making of a false statement or misrepresentation of a material fact in submitting a claim to the government. Sanctions for violation of the Criminal FCA include imprisonment, fines, and exclusions.

The Civil Monetary Penalties Law in part authorizes the government to impose money penalties against individuals and entities committing a variety of acts. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Moreover, the Obligated Group may not knowingly make a payment, directly or indirectly, to a physician as an inducement to reduce or limit services to Medicare or Medicaid patients under the physician’s direct care. PPACA amended the Civil Monetary Penalties Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (ii) failing to grant the Office of Inspector General timely access for audits, investigations or evaluations; and (iii) failing to report and return a known overpayment within statutory time limits. Violations of the Civil Monetary Penalties Law can result in substantial civil money penalties plus three times the amount claimed.

In addition to the anti-kickback and illegal remuneration statutes, the Stark Law imposes certain restrictions upon referring physicians and providers of certain designated health services, including long term care services, under the Medicare and Medicaid programs. Subject to certain exceptions, the Stark Law provides that if a physician (or a family member of a physician) has a financial relationship with an entity (i) the physician may not make a referral to the entity for the furnishing of designated health services reimbursable under the Medicare and Medicaid programs, and (ii) the entity may not bill for designated health services furnished pursuant to a prohibited referral. Entities and physicians committing an act in violation of the Stark Law are subject to civil money penalties and exclusion from the Medicare and Medicaid programs. Mandated by PPACA, the recently published Medicare self-referral disclosure protocol (“SRDP”) is intended to allow providers to self-disclose actual or potential violations of the Stark Law. PPACA provides for discretion to reduce penalties for providers submitting an SRDP. As a result of the scarcity of case law interpreting the Stark Law, there can be no assurance that the Obligated Group will not be found in violation of the Stark Law or that self-disclosure of a potential violation would result in reduced penalties for the Obligated Group.

Sanctions could be applied in many situations where SNFs participate in joint ventures with entities that may be in a position to make referrals or to which SNFs may be in a position to make referrals, enter into personal service and management contracts, enter into space and equipment rental agreements, waive co-payments and deductibles, etc. Such sanctions could result in a material adverse effect on the financial position of the Obligated Group, exclusion from Government Programs, loss of license or disciplinary action by licensing agencies, and/or substantial civil monetary penalties.

Management of the Obligated Group does not believe that it is involved in activities that pose a significant risk of sanctions under these referral laws. However, there can be no assurance that such challenge or investigation will not occur in the future.

**Audits.** Most health care providers are audited for compliance with the requirements for participation in the Medicare program. If audits discover alleged overpayments, the Obligated Group could be required to pay a substantial rebate of prior payments. The federal government contracts with third-party RACs, on a contingent fee basis, to audit the propriety of payments to Medicare providers. The centers for Medicare and Medicaid Services recently passed rules resulting in several more types of Medicare and or Medicaid audits. Medicare zone program integrity contractors (“ZPICs”) transitioned from the program safeguard contractor (“PSC”) program, target potential fraud and abuse and are tasked with ensuring the integrity of all Medicare-related claims per assigned jurisdiction. PSCs, ZPICs, affiliated contractors (“ACs”), and Medicare administrative contractors (“MACs”) must ensure that they pay the right amount for covered and correctly coded services rendered to eligible beneficiaries by legitimate providers. Four parallel strategies are employed in meeting this goal: (i) preventing fraud through effective enrollment and through education of providers and beneficiaries, (ii) early detection through, for example, medical review and data analysis, (iii) close coordination with partners, including PSCs, ZPICs, ACs, MACs, and

law enforcement agencies, and (iv) fair and firm enforcement policies. The Obligated Group has not received claims or been a party to settlement negotiations outside of the routine audit processes. Nevertheless, ultimate liability could exceed reserves, and any excess could be substantial. Medicare regulations also provide for withholding or recouping payment in certain circumstances, which could adversely affect the Obligated Group's cash flow.

## **Health Care Reform**

The enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, "PPACA") represents a significant reform of federal health care legislation. Additionally, Congress continues to consider the adoption of additional laws to modify several aspects of such legislation. PPACA is intended to bring about substantial changes to the delivery of health care services, the financing of health care costs, reimbursement to health care providers, and the legal obligations of health insurers, providers, and employers. The numerous provisions of PPACA are slated to take effect at specified times over approximately the next decade, and, therefore, the full consequences of the new laws on the health care industry will not be immediately realized. The ramifications of PPACA provisions may become apparent only as a result of regulatory interpretations promulgated during the implementation of the enacted laws. Portions of the PPACA may also be limited or nullified as a result of legal challenges.

Many PPACA provisions could have a significant impact on health care providers, including their operations and revenues, and such impact could be negative. For example, expanded health insurance coverage, in particular, could affect the composition of the population enrolled in various public and private health plans, potentially resulting in a capacity strain on provider networks or unanticipated service costs. PPACA attempts to increase competition among private health insurers by providing for transparent state insurance exchanges. PPACA also prevents private insurers from adjusting insurance premiums based on health status, gender, or other specified factors. Further, to offset the cost of expanded health care coverage and implementation of reform, PPACA includes cuts in Medicare reimbursement and increased taxes. Cost-cutting provisions will impact health care providers by reducing or eliminating reimbursement for failure to satisfy certain quality requirements and reduction of Medicare market basket updates.

PPACA reduces payments for services to federally-insured patients because Congress expected that providers will realize savings in bad debt and charity care expenses, since they are expected to provide care to fewer uninsured patients as a result of mandated increases in insurance coverage. The constitutionality of certain PPACA provisions designed to expand health insurance coverage was recently challenged. While the private insurance mandate has been upheld by the Supreme Court, certain provisions were found to be unconstitutional. Members of Congress continue to propose a repeal or amendment of PPACA and there is no assurance that it will be implemented as initially adopted. It is difficult to predict the full impact of PPACA due to the law's complexity, lack of implementing regulations or interpretive guidance and gradual implementation, as well as an inability to foresee how states, businesses and individuals will respond to the choices afforded them by the law. The Obligated Group is therefore unable to predict the full impact of PPACA on it at this time.

Health care providers are likely to be subjected to decreased reimbursement as a result of implementation of recommendations of the PPACA-created Independent Payment Advisory Board, whose directive is to reduce Medicare cost growth. The Board's recommended reductions would be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets. PPACA provisions relating to SNFs include requirements that facilities (i) make certain disclosures regarding ownership; (ii) implement compliance and ethics programs; and (iii) make certain disclosures regarding expenditures for wages and benefits for direct care staff. In addition, PPACA may affect SNF reimbursement through the creation of value-based purchasing payment and post-acute care payment bundling programs and may place limitations on SNF payments for health care acquired conditions. Investors are encouraged to review legislative, legal, and regulatory developments as they occur and to assess the elements and potential effects of the health care reform initiative as it evolves.

## **Healthcare Industry Investigations**

Both federal and state regulatory agencies maintain investigation programs of hospitals and other healthcare providers relative to compliance with applicable laws. Significant media and public attention has focused in recent years on the healthcare industry. It is possible that governmental entities could initiate investigations or

litigation in the future at facilities operated by Members of the Obligated Group, potentially resulting in significant penalties as well as adverse publicity. It is also possible that the executives and managers of Members of the Obligated Group could be included in governmental investigations or litigation or named as defendants in private litigation. Because the law in this area is complex and constantly evolving, governmental investigations or litigation may result in interpretations that are inconsistent with industry practices, including the Members' practices. In public statements surrounding current investigations, governmental authorities have taken positions on a number of issues, including some for which little official interpretation previously has been available, that appear to be inconsistent with practices that have been common within the industry and that previously have not been challenged in this manner. In some instances, government investigations that have in the past been conducted under the civil provisions of federal law may now be conducted as criminal investigations. Both federal and state government agencies have increased their focus on and coordination of civil and criminal enforcement efforts in the healthcare area. The OIG and the U.S. Department of Justice have, from time to time, established national enforcement initiatives targeting all hospital providers that focus on specific billing practices or other suspected areas of abuse.

The Affordable Care Act allocates \$350 million of additional federal funding over 10 years to fight healthcare fraud, waste and abuse. In addition, governmental agencies and their agents, such as MACs, may conduct audits of the Obligated Group's healthcare operations. Private payors may conduct similar audits, and the Obligated Group will also perform internal audits and monitoring.

### **Possible Future Adverse Legislative Proposals**

Legislative proposals which could have an adverse effect on the Obligated Group include: (a) any changes in the taxation of non-profit corporations or in the scope of their exemption from income or property taxes; (b) limitations on the amount or availability of tax exempt financing for corporations recognized under Section 501(c)(3) of the Code; (c) regulatory limitations affecting the Obligated Group's ability to undertake capital projects or develop new services; and (d) a requirement that non-profit health care institutions pay real estate property tax and sales tax on the same basis as for-profit entities.

The discussion above (or as otherwise discussed herein) is not an exhaustive study of the laws and regulations which may apply to the Obligated Group and its operations. Other laws and regulations not set forth herein (or elsewhere herein) may also apply to the Obligated Group and its operations and may have an adverse impact thereon.

### **Future Health Care and Regulatory Risks**

The Obligated Group is and will continue to be subject to certain governmental regulations. Participants in the health care industry are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs. In addition, the operations of the health care industry have been subject to increasing scrutiny by federal, state and local governmental agencies. In response to perceived abuses and actual violations of the terms of existing federal, state and local health care payment programs, such agencies have increased their audit and enforcement activities, and federal and state legislation has been considered or enacted, providing for civil and criminal penalties against certain activities.

Bills proposing to regulate or control, in some manner, health care costs and revenues and a number of proposals for a national health insurance program are regularly submitted to Congress. There are wide variations among these proposals and the effect on the health care industry and the Obligated Group cannot be determined. There can be no assurance that the implementation of any such bill or proposal or any future bill or proposal, or the implementation by the federal or state administrative bodies of cost containment or revenue control programs, would not adversely affect the revenues of Sinai Residences, and thus the revenues of the Obligated Group.

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. CCRCs are less sensitive to this directed utilization than stand-alone SNFs; however, the risk may increase



and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

## **Federal Tax Matters**

**Possible Changes in Obligated Group's Tax Status.** The possible modification or repeal of certain existing federal income or state tax laws or other loss by one or more Members of the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the revenues of the Obligated Group. Each Member of the Obligated Group has obtained a determination letter from the IRS to the effect that such Member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code. As an exempt organization, each Member of the Obligated Group is subject to a number of requirements affecting its operation. The failure of a Member of the Obligated Group to remain qualified as an organization described in Section 501(c)(3) of the Code would affect the funds available to the Obligated Group for payments to be made under the Loan Agreement and Series 2020 Obligations. Failure of the Obligated Group or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed or refinanced with proceeds of the Tax-Exempt Bonds, could cause interest on the Tax-Exempt Bonds to be included in the gross income of holders of Tax-Exempt Bonds or former holders of Tax-Exempt Bonds for federal income tax purposes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of charitable organizations. 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 taxes.

**Intermediate Sanctions.** Section 4958 of the Code, provides the IRS with an "intermediate" tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (*i.e.*, a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a "first tier" penalty excise tax equal to 25 percent of the amount of the excess benefit. Organizational managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10 percent of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A "second tier" penalty excise tax of 200 percent of the amount of the excess benefit may be imposed on the disqualified person (but not the organizational manager) if the excess benefit transaction is not corrected in a specified time period.

**Bond Audit.** IRS officials have stated that more resources will be allocated to audits of tax-exempt bonds in the charitable organization sector. The Tax-Exempt Bonds may be subject to audit, from time to time, by the IRS. The Obligated Group believes that the Tax-Exempt Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Tax-Exempt Bonds, as described under the heading "TAX MATTERS." No ruling with respect to the tax-exempt status of the Tax-Exempt Bonds has been or will be sought from the Internal Revenue Service, however, and opinions of counsel are not binding on the IRS or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the Tax-Exempt Bonds will not adversely affect the tax-exempt status or price of the Tax-Exempt Bonds.

**IRS Examination of Compensation Practices.** In August 2004, the IRS announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") based on its examination of such tax-exempt organizations. The IRS Final Report indicates that the IRS (i) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (ii) in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations.

**Other Tax Status Issues.** The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under

Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the Facility's elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

**IRS Form 990.** 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 management and others, joint ventures and other types of transactions, political campaign activities and other areas the IRS deems to be compliance risk areas. Form 990 also requires the reporting of detailed community benefit information on Schedule H to the Form 990 and establishes uniform standards for the reporting of charity care. Form 990 also contains a separate schedule requiring detailed reporting of information relating to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. Form 990 allows for enhanced transparency as to the operations of exempt organizations. It is likely to result in enhanced enforcement, as Form 990 makes available a wealth of detailed information on compliance risk areas to the IRS and other stakeholders, including state attorneys general, unions, plaintiff's class action attorneys, public watchdog groups and others.

**Proposed Income Tax Law Changes Affecting Tax Exemption.** Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Series 2020 Bonds from realizing the full current benefit of the tax status of such interest. Federal legislation has previously been introduced at various times which, if enacted, would have either limited the exclusion from gross income of interest on obligations like the Tax-Exempt Bonds to some extent for certain individual taxpayers, or eliminated the federal income tax exemption for interest on new obligations like the Tax-Exempt Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

**Post-Issuance Compliance.** Because the existence and continuation of the excludability of the interest on the Tax-Exempt Bonds from federal gross income depends upon events occurring after the date of issuance of the Series 2020 Bonds, the opinion of Bond Counsel described under the caption "TAX MATTERS" herein assumes the compliance by the Obligated Group and the Authority with the provisions of the Code and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Tax-Exempt Bonds in the event of noncompliance with such provisions. The failure of the Obligated Group or the Authority to comply with the provisions of the Code and the regulations thereunder may cause the interest on the Tax-Exempt Bonds to become includable in gross income as of the date of issuance. For example, federal arbitrage rules require monitoring over the life of the Tax-Exempt Bonds to ensure that the yield on investments acquired with proceeds of the Tax-Exempt Bonds are properly restricted and whether the Authority must pay yield reduction and/or rebate payments. Given such requirements, the Obligated Group must actively monitor compliance while the Tax-Exempt are outstanding to improve their ability to identify, avoid, and/or correct noncompliance that may threaten the tax-exempt status of the Tax-Exempt Bonds.

**Other Legislation.** Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation. A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below

market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a “safe harbor” exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the Residence and Care Agreements come within the scope of the continuing care facility safe harbor or within the statute itself. Provided the Residence and Care Agreement falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident’s spouse) has attained age 62 before the close of the year and (iii) irrespective of the amount of the “loan” by the resident (or the resident’s spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent. Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Facility.

In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Obligated Group has covenanted in the Loan Agreement to take all appropriate measures to maintain the tax-exempt status of each of the Members of the Obligated Group, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Obligated Group to charge and collect revenues at the level required by the Loan Agreement and Series 2020 Obligations, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2020 Bonds.

### **Uncertainty of Investment Income**

A portion of the Obligated Group’s revenues available to pay debt service is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions.

### **Market for Bonds**

**No Rating.** The Series 2020 Bonds have not received a credit rating from any securities rating agencies, and there is no assurance that the Series 2020 Bonds will ever receive such rating. The absence of any such ratings could adversely affect the ability of registered Owners of Series 2020 Bonds to sell the Series 2020 Bonds or the price at which such Series 2020 Bonds can be sold. See also “NO RATINGS” below. However, in the Master Indenture, the Obligated Group Representative agrees that it will cooperate in good faith with any effort by the beneficial owners of a majority in principal amount of Related Bonds to seek a rating for such Related Bonds, including, without limitation, providing promptly upon request such financial and operating information, and access to officers and personnel, as the applicable rating agency shall request for purposes of issuing a rating.

**Secondary Market.** It is the present practice of the Underwriter to make a secondary market in the bond issues that it offers. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that its present secondary marketing practices will always be continued, the Underwriter presently intends to make a secondary market in the Series 2020 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Series 2020 Bonds or, if a secondary market exists, that the Series 2020 Bonds can be sold for any particular price.

### **Risk of Early Redemption**

Purchasers of the Series 2020 Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such Bonds trading at a price in excess of par, should consider the fact that the Series 2020 Bonds are subject to optional and mandatory redemption at a redemption price equal to their principal amount plus accrued interest upon the occurrence of certain events. This could occur, for example, in the event that the Series 2020 Bonds are prepaid as a result of a casualty or condemnation award affecting Sinai Residences or there is

a default under the Mortgage. Under such circumstances, a purchaser of the Series 2020 Bonds whose bonds are called for early redemption may not have the opportunity to hold such Bonds for a time period consistent with such purchaser's original investment intentions and may lose any premium paid for the Series 2020 Bonds.

### **Risk of Loss Upon Redemption**

The rights of Beneficial Owners to receive interest on the Series 2020 Bonds will terminate on the date, if any, on which such Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Indenture, and interest on such Bonds will no longer accrue on and after such date of redemption. There can be no assurance that the Obligated Group will be able or will be obligated to pay for any amounts not available under the Bond Indenture. In addition, there can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Tax-Exempt Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the Series 2020 Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of Beneficial ownership Interests in the Series 2020 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2020 Bonds in a particular state or local jurisdiction.

### **Other Possible Risk Factors**

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Obligated Group:

1. Litigation;
2. Reinstatement or establishment of mandatory governmental wage, rent or price controls;
3. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
4. Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
5. Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Obligated Group;
6. The cost and availability of energy;
7. Increased unemployment or other adverse economic conditions in the service areas of the Obligated Group which would increase the proportion of patients who are unable to pay fully for the cost of their care;
8. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of Sinai Residences in order to maintain the charitable status of the Obligated Group;
9. Inflation or other adverse economic conditions;
10. Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
11. Inability to control the diminution of patients' assets or insurance coverage with the result that the patients' charges are reimbursed from government reimbursement programs rather than private payments; and

12. Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability that organizations, such as the Obligated Group, generally carry.

### **FLORIDA REGULATION OF CONTINUING CARE FACILITIES**

Continuing care facilities in Florida are regulated by OIR under the provisions of Chapter 651, Florida Statutes, as amended (“Chapter 651”), which defines “continuing care” as the furnishing pursuant to an agreement shelter, food and either nursing care or certain personal services, whether such nursing care or personal services are provided in the facility or in another setting designated by the agreement for continuing care, to an individual not related by consanguinity or affinity to the provider furnishing such care, upon payment of an entrance fee. Agreements to provide continuing care include agreements to provide care for any duration, including agreements that are terminable by either party. “Personal services” include, but are not limited to, such services as individual assistance with or supervision of essential activities of daily living but do not include the provision of medical, nursing, dental, or mental health services “Entrance fee” means an initial or deferred payment of a sum of money or property made as full or partial payment for continuing care. An accommodation fee, admission fee, member fee, or other fee of similar form and application is considered to be an entrance fee. “Initial entrance fee” means the total Entrance Fee charged by a facility to the first occupant of a unit.

The Florida Legislature enacted legislation known as House Bill 1033 (“HB 1033”) during its 2019 legislative session, which Florida Governor DeSantis signed into law. Most provisions of HB 1033 became effective as of January 1, 2020. HB 1033 provides a number of revisions to Chapter 651 that impact the regulation of CCRCs in Florida, including Sinai Residences. See “Required Reserves” below

#### **Certificate of Authority; Initial entrance fees**

Chapter 651 provides that no person may engage in the business of providing continuing care or enter into continuing care agreements or construct a facility for the purpose of providing continuing care without a certificate of authority issued by OIR. A final certificate of authority may be issued after the applicant has provided OIR with the information and documents required by Chapter 651. The Corporation received OIR consent for its Phase II Expansion on May 1, 2019.

Prior to the release of Initial entrance fees held in escrow as described herein, Chapter 651 requires that a minimum of 75% of the moneys paid for all or any part of an Initial entrance fee collected be placed in an escrow account or on deposit with OIR. Initial entrance fees held in escrow or on deposit with OIR in accordance with the requirements of Chapter 651 may not be released to the Corporation until (i) a certificate of occupancy has been issued, (ii) the Corporation has received payment in full of a certain percentage of the Independent Living Units of the project\*, (iii) documents evidencing that the Corporation has sufficient funds to fund the Minimum Liquid Reserve Accounts (defined herein), which may include funds deposited in the Initial entrance fee escrow account, and (v) the other conditions set forth in Chapter 651 have been satisfied.

Chapter 651 allows both the moneys paid for all or any part of an Initial entrance fee collected which are not required to be placed in escrow or on deposit with OIR and the moneys that are released to the Corporation from escrow or from deposit with OIR as described in the preceding paragraph, to be used by the Corporation for working capital or other purposes.

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\*The Corporation received its OIR consent on May 1, 2019, prior to the effective date of HB 1033, which amended Chapter 651 provisions related to expansion projects. At the time the Phase II Expansion was approved by OIR, it was assumed that all entrance fees required to be placed in escrow would remain in escrow until 70% occupancy (as required by the then applicable Section 651.023(6), Florida Statutes.) Management is confirming with OIR whether, in light of the new 651.0246, Florida Statutes, entrance fees required to be placed in escrow would be permitted to be released from escrow at 50% occupancy. See “SHORT STATEMENT – Application of Initial Entrance Fees” herein.

Once issued, a certificate of authority is valid as long as the OIR determines that the provider continues to meet the requirements of Chapter 651. Annual reports containing financial and other information about the provider and the facility are required to be filed with the OIR annually on or before each May 1 or 120 days after the end of the provider's fiscal year of such a determination if the OIR agrees to this upon the provider's licensure. If a provider fails to correct deficiencies within 20 days of notice from the OIR, and if the time for correction is not extended, the OIR may institute delinquency proceedings against the provider, as described below.

## **Required Reserves**

Chapter 651 requires that each continuing care provider maintain: (a) a debt service reserve in an amount equal to the principal and interest payments becoming due during the current fiscal year (12 months' interest on the financing if no principal payments are currently due) on any mortgage loan or other long term financing and including property taxes and insurance; (b) an operating reserve in an amount equal to 30% of the total operating expenses projected in the feasibility study required by Chapter 651 for the first 12 months of operation. Thereafter, the operating reserve must be equal to 15% of the total operating expenses in the annual report filed pursuant to Chapter 651, and if the provider has been in operation for more than 12 months, it must hold 15% of the facility's average total annual operating expenses set forth in the annual reports filed pursuant to Chapter 651 for the immediate preceding three-year period, subject to adjustment in the event there is a change in the number of facilities owned; and (c) a renewal and replacement reserve in an amount equal to 15% of the total accumulated depreciation based on the audited financial statements included in the facility's annual report filed pursuant to Chapter 651, not to exceed 15% of the facility's average operating expenses for the past three fiscal years based on the audited financial statements for each of such years.

These reserves are required to be held in a segregated escrow account maintained with a Florida bank, Florida savings and loan association, Florida trust company, or a national bank that is chartered and supervised by the Office of the Comptroller of the Currency within the United States Department of Treasury and that has a branch in the state of Florida, and is acceptable to the OIR or the funds can be held with the Department of Financial Services and, in the case of the operating reserve, must be in an unencumbered account held in escrow for the benefit of the Residents. The Debt Service Reserve Fund established with the Bond Trustee pursuant to the Bond Indenture and a renewal and replacement fund and operating reserve fund (collectively, the "Minimum Liquid Reserve Accounts") established with a commercial bank, as escrow agent, are intended to meet the requirements of Chapter 651 for those reserves (the "Required Reserves"). The Required Reserves also include a reserve for property taxes. The Corporation has designated U.S. Bank National Association as the Chapter 651 Escrow Agent.

Chapter 651 requires the escrow agent holding the Required Reserves to deliver to the provider quarterly reports on the status of the escrow funds, including balances, deposits, and disbursements. Chapter 651 currently provides that withdrawals can be made from the Required Reserves. A provider may withdraw funds held in escrow without the approval of the OIR if the amount held in escrow exceeds the statutorily required amounts and if the withdrawal will not affect compliance with Chapter 651. For all other proposed withdrawals, in order to receive the consent of the OIR, the provider must file documentation showing why the withdrawal is necessary for the continued operation of the facility and such additional information as the OIR reasonably requires. The OIR shall notify the provider when the filing is deemed complete. If the provider has complied with all prior requests for information, the filing is deemed complete after 30 days without communication from the OIR. Within 30 days after the date a file is deemed complete, the OIR shall provide the provider with written notice of its approval or disapproval of the request. The OIR may disapprove any request to withdraw such funds if it determines that the withdrawal is not in the best interest of the residents, except that in an emergency, the provider may petition the OIR to allow a withdrawal of up to 33% of the replacement reserves amount (a waiver being deemed granted if not denied by the OIR within three working days) to be used only for capital items or major repairs. Any withdrawals of the replacement reserves must be repaid within 36 months. Fines may be imposed for failure to deliver the quarterly reports or notices of withdrawal within the required time periods.

The Obligated Group may withdraw funds then in deposit in excess of the Minimum Liquid Reserve requires without the OIR's consent. If the Required Reserves fall below the minimum requirement at the end of any fiscal quarter due to a change in market value of the invested funds, the continuing care provider is required to fund the shortfall within ten business days. The Required Reserves may be transferred into the custody of Florida's Department of Financial Services if the continuing care provider is insolvent or impaired.

The renewal and replacement fund and operating reserve fund are not held by the Bond Trustee or Master Trustee and are not pledged as security for the holders of the Series 2020 Bonds or the outstanding Series 2014 Bonds.

### **Continuing Care Agreements and Residents' Rights**

Chapter 651 prescribes certain requirements for continuing care agreements and requires OIR approval of the form of an agreement before it is used and of any changes to the terms of an agreement once it has been approved. In addition to requiring that the agreement state the amounts payable by the resident, the services to be provided and the health and financial conditions for acceptance of a resident, Chapter 651 requires that the agreement may be canceled by either party upon at least 30 days' notice. A provider that does not give its residents a transferable membership right or ownership interest in the facility may retain 2% of the entrance fee per month of occupancy prior to cancellation, plus a processing fee not exceeding 5% of the entrance fee and must pay the refund within 120 days of notice of cancellation or 90 days if the contract was entered into on or after January 1, 2016. The Residence and Care Agreements for Sinai Residences will meet the requirements of this provision.

Chapter 651 requires that a prospective resident have the right to cancel without penalty a continuing care agreement within seven days of signing the continuing care agreement. During this seven-day period, any entrance fee or deposit must be held in escrow or, at the request of the prospective resident, held by the provider in the form of an uncashed check. If the prospective resident rescinds the continuing care contract during the seven-day rescission period, the entrance fee or deposit must be refunded to the prospective resident without deduction and any uncashed checks will be immediately returned to such prospective resident. Upon the expiration of the seven-day period, the provide will deposit the check. If cancellation occurs after seven days, but prior to occupancy, the entire entrance fee must be refunded, less a processing fee not exceeding 5%, within 60 days of notice of cancellation. However, if cancellation occurs prior to occupancy due to death, illness, injury or incapacity of the prospective resident, the entire entrance fee must be refunded, less any costs specifically incurred by the provider at the written request of the resident.

Chapter 651 further requires that no contract for care shall permit dismissal or discharge of a resident from the facility providing care before the expiration of the contract, without just cause for such removal. Failure to pay monthly maintenance fees will not be considered just cause until such time as the amounts paid by the resident, plus any benefits under Medicare or third-party insurance, exceed the cost of caring for the resident, based on the per capita cost to the facility (which cost may be adjusted proportionately for amounts paid above the minimum charge for above-standard accommodations).

Chapter 651 also contains provisions giving residents the right: to form residents' organizations and choose representatives, to attend quarterly meetings with the provider; and to inspect the provider's annual reports to the OIR and any examination reports prepared by the OIR or any other governmental agencies (except those which are required by law to be kept confidential). In addition, each contract must provide for advance notice to the resident, of at least 60 days, before any change in fees or charges or the scope of care or services is effective, except for changes required by state or federal assistance programs. Prior to the implementation of any increase in the monthly maintenance fee, the provider must provide, at a quarterly meeting of the residents, the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for all Urban Consumers, all items, Class A Areas of the Southern Region. Residents must also be notified of any plans filed with the OIR relating to expansion of the facility or any additional financing or refinancing.

### **Examinations and Delinquency Proceedings**

The OIR is required to examine the business of each continuing care provider at least once every three years, in the same manner as provided under Florida law for examination for insurance companies. Inspections may also be requested by any interested party. The OIR is required to notify the provider of any discrepancies and to set a reasonable time for corrective action and compliance by the provider.

The OIR may deny, suspend, or revoke a certificate of authority for various grounds relating to: the insolvent condition of the provider or the provider's being in a condition which renders its conduct of further business hazardous or injurious to the public; lack of one or more of the qualifications for a certificate of authority;

material misstatements, misrepresentation, fraud, misappropriation of moneys or demonstrated lack of fitness or untrustworthiness; violations of Chapter 651 or any regulation or order of the OIR; or refusal to permit examination or to furnish required information.

Suspension of a certificate of authority may not exceed one year, during which period the provider may continue to operate and must file annual reports but may not issue new continuing care agreements. At the end of the suspension period, the certificate of authority is to be reinstated, unless the OIR finds that the causes for suspension have not been removed or that the provider is otherwise not in compliance with Chapter 651 (in which event the certificate of authority is deemed to have been revoked as of the end of the suspension period or upon failure of the provider to continue the certificate during the suspension period, whichever event first occurs). In lieu of suspension, administrative fines may be levied, not exceeding \$1,000 per violation, or \$10,000 per violation for knowing and willful violations.

If the OIR finds that sufficient grounds exist as to a continuing care provider for the rehabilitation (*i.e.*, receivership), liquidation, conservation, reorganization, seizure or summary proceedings of an insurer as provided under Florida law pertaining to insurance companies, the OIR may petition for an appropriate court order or pursue such other relief as is afforded under Part I of Chapter 631, Florida Statutes, as amended (the “Insurers Rehabilitation and Liquidation Act”), for insurance companies generally. Such grounds include, but are not limited to, insolvency or failure or refusal to comply with the OIR’s requirements.

Chapter 651 provides that the rights of the OIR are subordinate to the rights of a trustee or lender pursuant to an indenture, loan agreement, or mortgage securing bonds issued to finance or refinance the facility in the event of a receivership or liquidation. However, if the OIR has been appointed as receiver of the facility, the court having jurisdiction over the receivership proceeding is authorized to enjoin a secured creditor from seeking to dispose of the collateral securing its mortgage for up to 12 months, upon a showing of good cause, such as a showing that the collateral should be retained in order to protect the life, health, safety or welfare of the residents or to provide sufficient time for relocation of the residents.

If a trustee or lender becomes the mortgagee under the Mortgage pursuant to a foreclosure sale or otherwise through the exercise of remedies upon the default of the mortgagor, the rights of a resident of any portion of the applicable Mortgaged Property governed by Chapter 651, Florida Statutes, under a continuing care agreement, will be honored and will not be disturbed or affected (except as described below) as long as the trustee or lender agrees that the rights of residents will be honored and will not be disturbed by a foreclosure or conveyance in lieu thereof as long as the resident continues to comply with all provisions of the continuing care agreement and has asserted no claim inconsistent with the rights of the trustee or lender. In such event, the OIR will not exercise its remedial rights provided under Chapter 651 with respect to the facility, including its right to enjoin disposal of the facility as described in the preceding paragraph. Upon acquisition of a facility by a trustee or lender pursuant to remedies under the Mortgage and evidence satisfactory to the OIR that the trustee or lender is in compliance with the agreements with the residents, the OIR will issue a 90-day temporary certificate of authority to operate the facility, provided that the trustee or lender will not be required to continue to engage in the marketing or resale of new continuing care agreements, pay any refunds of entrance fees otherwise required to be paid under a resident’s continuing care agreement until expiration of such 90-day period, be responsible for acts or omissions of the operator of the facility arising prior to the acquisition of the facility by the trustee or lender, or provide services to the residents to the extent that the trustee or lender would be required to advance funds that have not been designated or set aside for such purposes.

### **Regulatory Action Level Events and Impairment; Management Contracts**

Effective on January 1, 2020, Chapter 651 now contains a two-tiered early warning system to notify the OIR of impaired continuing care providers. The occurrence of at least two of the following events as of a continuing care provider’s most recent annual report will trigger a regulatory action level event (“Regulatory Action Level Event”):

- (1) The continuing care provider’s debt service coverage ratio is less than (i) the greater of the minimum ratio in the provider’s lending agreement or (ii) 1.20:1. If there is not requirement, 1.20:1 is the minimum.



(2) The days cash on hand is less than (i) the greater of the minimum days cash on hand in the provider's lending agreement or (ii) 100 days. If there is no requirement, 100 days is the minimum. Days cash on hand includes the Minimum Liquid Reserve funds and is calculated by dividing the value of (a) the sum of unrestricted cash, unrestricted short-term and long-term investments, provider restricted funds, and the minimum liquid reserve as of the reporting date by the value of (b) operating expenses less depreciation, amortization, and other noncash expenses and non-operating losses divided by 365. Operating expenses, depreciation, amortization, and other noncash expenses and non-operating losses are each the sum of their respective values over the 12-month period ending on the reporting date.

(3) Occupancy is less than 80% averaged over the 12-month period preceding the filing of the provider's annual report.

If a Regulatory Action Level Event has occurred, the continuing care provider must submit a corrective action plan or revised corrective action plan within 30 days after the occurrence of such event. Thereafter, the OIR must approve or disapprove the corrective action plan with 45 business days in accordance with Section 651.034 of Florida Statutes. The OIR must perform an examination or analysis before issuing a corrective order, if necessary, with any actions the OIR determines are required.

If a continuing care provider is determined to be "impaired" by the OIR, the OIR may place the provider under regulatory control, including any remedy available under general insurance law pertaining to receivership and rehabilitation of insolvent insurers. An impairment is sufficient grounds for the OIR to appoint a receiver. The OIR may forego action up to 180 days for "impairment" if there is a reasonable expectation that such impairment may be eliminated within 180 days.

(1) A provider is impaired if it fails to meet the minimum liquid reserve requirements of Chapter 651.

(2) Beginning January 1, 2021, a provider is also impaired if (a) it has mortgage financing from a third-party lender or a public bond issue has a debt service coverage ratio of less than 1.00:1 and the continuing care provider's days cash on hand is less than 90, or (b) it does not have mortgage financing from a third-party lender or public bond issue has days cash on hand of less than 90.

Chapter 651 outlines the calculation of the debt service ratio and days cash on hand for use in the above tests.

Within 45 days after the end of each fiscal quarter, each continuing care provider must file a quarterly unaudited financial statement of the provider and days cash on hand, occupancy, debt service coverage ratio, a detailed listing of the assets maintained in the Required Reserves, and other information required by the OIR. The last quarterly statement for a fiscal year is not required if a continuing care provider does not have pending a Regulatory Action Level Event, Impairment, or a corrective action plan. If a continuing care provider falls below two or more of the thresholds set forth in Section 651.011(25), at the end of any fiscal quarter, the continuing care provider must submit to the OIR, at the same time as the quarterly statement, an explanation of the circumstances and a description of the actions it will take to meet the requirements.

HB 1033 also adds a new section providing the OIR with management company oversight. All management contracts entered into after July 1, 2019, must contain a provision that the contract will be cancelled upon issuance of an order by the OIR without a cancellation fee or penalty. Providers are required to notify the OIR of any change in management within ten (10) business days. For a provider that is found to be impaired or that has a Regulatory Action Level Event pending, the OIR may disapprove new management and order the provider to remove the new management after its review of the required information. For providers which are not impaired or subject to a Regulatory Action Level Event, the OIR may remove new management after receiving the required information if it finds (i) the new management is incompetent or untrustworthy; (ii) the new management is so lacking in managerial experience as to make the proposed operation hazardous to the residents or potential residents; (iii) the new management is so lacking in experience, ability, and standing as to jeopardize the reasonable promise of successful operation; or (iv) has good reason to believe that the new management is affiliated directly or indirectly with any person whose business operations are or have been marked by manipulation of assets or accounts

or by bad faith, to the detriment of residents, stockholders, investors, creditors, or the public. If the OIR disapproves of new management, such manager must be removed by the provider within 30 days.

Upon determination by the OIR that a provider is not in compliance with Chapter 651, a corrective plan may be formulated by the OIR. Section 651.114(11) provides that the rights of the OIR under that section are subordinate to the rights of a trustee or lender pursuant to the terms of a resolution, ordinance, loan agreement, indenture of trust, mortgage, lease, security agreement, or other instrument creating or securing bonds or notes issued to finance a facility, and the OIR, subject to its right to override its suspension of remedial rights as described below, may not exercise its remedial rights provided under Chapter 651 to a facility that is subject to a lien, mortgage, lease, or other encumbrance or trust indenture securing bonds or notes issued in connection with the financing of the facility, if the trustee or lender, by inclusion or by amendment to the loan documents or by a separate contract with the OIR, agrees that the rights of residents under a continuing care or continuing care at-home contract will be honored and will not be disturbed by a foreclosure or conveyance in lieu thereof as long as the resident meets certain conditions stated therein. The OIR can override its suspension of its remedial rights, if, at any time (a) the trustee or lender is not in compliance with the agreed upon amendment or contract; (b) a lender or trustee has assigned or has agreed to assign all or a portion of a delinquent or defaulted loan to a third party without the OIR's written consent; (c) the provider engaged in the misappropriation, conversion, or illegal commitment or withdrawal of minimum liquid reserve or escrowed funds required under Chapter 651; (d) the provider refused to be examined by the OIR; or (e) the provider refused to produce any relevant accounts, records, and files requested as part of an examination.

Rules 69O-193.002, .003, .005, .006, and .012 were adopted March 12, 2020; and former Rule 69O-193.007, .010, and .015 were repealed as of March 12, 2020.

### **Florida Licensure**

The health care components of the Facilities are licensed by AHCA. The health facilities are required to undergo at least one annual unannounced inspection by AHCA to determine compliance with applicable statutes and rules promulgated thereunder which govern minimum standards of construction, quality, adequacy of care and rights of residents. In addition, AHCA will at least annually evaluate the health facilities to determine compliance with applicable licensure requirements and standards as a basis for assigning a rating to such facilities. In addition, the Obligated Group is required to submit an annual financial statement and statement of ownership to AHCA, as well as maintaining a certificate of authority from the Department. Under Florida Statutes, the administrator of the health facilities is required to be and is licensed as a nursing home administrator.

### **FINANCIAL REPORTING**

The Master Indenture, as proposed to be amended by Supplemental Indenture Number 3, requires that the Corporation in its capacity as Obligated Group Representative provide to each Required Information Recipient (as defined in Appendix D hereto) the following:

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing the New Independent Living Units, (I) a calculation of the marketing levels for the Phase II Expansion as of the end of such month, including the number of New Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) a copy of the report prepared by the Construction Monitor; (III) a report by the Obligated Group Representative on the progress of the construction by no later than the 15th day of each month, showing the dollar amount and percentage of completion for each stage of construction of the Phase II Expansion, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Phase II Expansion, and certifying that the amount available in the Construction Fund for the Phase II Expansion, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Phase II Expansion; (IV) unaudited financial

reports on the development costs of the Phase II Expansion incurred during that month and on an aggregate basis; (V) statements of the balances for each fund and account required to be established under the Master Indenture, under Supplemental Indenture Number 3, or under the Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VI) if such month is the last month of the fiscal quarter, a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Days' Cash on Hand, and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(B) After the issuance of a certificate of occupancy for the first building containing New Independent Living Units, (I) a calculation of the marketing levels for the Phase II Expansion as of the end of such month, including the number of New Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) occupancy levels of the 2020 Project as of the end of such month including the number of New Independent Living Units that were occupied and vacated during that month and on an aggregate basis; (III) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Phase II Expansion; (IV) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Phase II Expansion; (V) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (VI) statements of the balances for each fund and account required to be established under the Master Indenture, under Supplemental Indenture Number 3 or under the Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VII) a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Days' Cash on Hand, and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(C) The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i) after Stable Occupancy has been attained for the Phase II Expansion;

(ii) Quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, a payor mix for the Nursing Beds, occupancy levels of Sinai Residences as of the end of such quarter including the number of Independent Living Units, Assisted Living Units and Nursing Beds and a calculation of compliance with the Days' Cash on Hand (if required for such period under Section 4.21 of the Master Indenture), and Debt Service Coverage Ratio, of the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such financial statements and calculations shall be accompanied by a comparison to the Annual Budget provided pursuant to the Master Indenture; provided, however, that with respect to the foregoing, the Phase II Expansion need not be included in this quarterly report unless and until the reporting requirement in (i)(B) above shall have terminated;

(iii) If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in the Master Indenture, the Obligated Group will deliver the financial information and the calculations described in paragraph (ii) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement;

(iv) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for said Fiscal Year and the Days' Cash on Hand of the Obligated Group at the end of such Fiscal Year if required to be calculated by Sections 4.11 and 4.21 of the Master Indenture, and a statement that such Accountant has no knowledge of any default under Sections 4.11 and 4.21 of the Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof; provided, however, that the report of the Accountant shall be subject to and restricted by any then current recommendations and/or pronouncements of the American Institute of Certified Public Accountants;

(v) On or before the date of delivery of the financial reports referred to in subsection (iv) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the marketing, occupancy, Days' Cash on Hand, and Debt Service Coverage Ratio, if required to be calculated for such Fiscal Year by Sections 4.11 or 4.21 of the Master Indenture or Supplemental Indenture Number 3, as of the end of such month or Fiscal Year, as appropriate, and (C) attaching (I) information about occupancy of the Independent Living Units, including a comparison to prior year's occupancy, (II) the sources of revenue for the Nursing Beds, (III) the turnover statistics with respect to the Independent Living Units, (IV) changes in any services offered to the residents of Sinai Residences, and (V) that Sinai Residences is in compliance with the requirements of Chapter 651, Florida Statutes, as amended; provided, however, that with respect to the foregoing, the Phase II Expansion need not be included in the information provided under (v)(C)(I) until the first Fiscal Year following Stable Occupancy for the Phase II Expansion;

(vi) On or before the date of delivery of the financial reports referred to in subsections (ii) and (iv) above, a management's discussion and analysis of results for the applicable fiscal period;

(vii) Subject to industry standards relating to the financing of facilities similar to Sinai Residences, the Obligated Group shall use its best efforts to make available one or more representatives reasonably acceptable to the Bondholders and the Master Trustee for a quarterly telephone conference call (or more frequently if requested by a majority of Bondholders) with the Bondholders and the Master Trustee to discuss the financial results of the preceding quarter and such other matters as are relevant or are reasonably requested by the Bondholders and the Master Trustee. The Obligated Group shall post notice of such calls to Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB") at least two weeks prior to the scheduled date of each call, but shall provide such notice the Master Trustee;

(viii) Any correspondence to or from the Internal Revenue Service concerning the status of any Obligated Group Member as a Tax Exempt Organization or with respect to the tax exempt status of any Series 2014 Bonds or the Tax-Exempt Bonds, promptly upon receipt;

(ix) Such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of the Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee;

(x) [Reserved]

(xi) Within 30 days of any revision of the schedule of Entrance Fees or Monthly Service Fees being charged or quoted to residents or prospective residents of Sinai Residences, a report on the amounts of such revised Entrance Fees or Monthly Service Fees for each type of unit setting forth the reasons for such revision and, if applicable, the reason why any increases in such fees forecasted in the Feasibility Study have not been made; and

(xii) Notice within ten (10) Business Days of the occurrence of any of the material events required to be reported to the MSRB pursuant to any continuing disclosure undertaking or agreement.

## **CONTINUING DISCLOSURE**

The Corporation will enter into a Continuing Disclosure Certificate, pursuant to which the Corporation will covenant that, in compliance with Rule 15c2-12(b)(5) (the “Rule”) of the Securities Exchange Act of 1934, it will deliver to EMMA certain reports described therein. The form of the Continuing Disclosure Certificate is included as Appendix F hereto.

The Corporation has previously entered into an agreement with respect to the Series 2014 Bonds to provide continuing disclosure. Certain past information filings were filed after their respective deadlines, certain officer’s certificates were not filed and certain financial and operating data was unintentionally omitted from certain filings. The Obligated Group has made a remedial filing with respect to the omitted financial and operating information. The Corporation fully anticipates satisfying all future disclosure obligations required pursuant to such undertakings.

## **LITIGATION**

### **The Authority**

There is not now pending or, to the Authority’s knowledge, threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2020 Bonds or the execution and delivery by the Authority of the Bond Indenture, or the Loan Agreement or questioning or affecting the validity of the Series 2020 Bonds or the security therefor or the proceedings of the Authority under which they are or are to be issued, respectively.

### **The Corporation**

The Corporation, like other similar entities, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Corporation, after reviewing the current status of all pending and threatened litigation, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Corporation are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of any of the Corporation.

There is no litigation pending or, to the Corporation’s knowledge, threatened against the Corporation, wherein an unfavorable decision would (i) adversely affect the ability of the Corporation to construct the Phase II Expansion or to operate its facilities or to carry out its obligations under the Loan Agreement, the Master Indenture, and the Series 2020 Obligations, or (ii) would have a material adverse impact on the financial position or results of operations of the Corporation.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Series 2020 Bonds are subject to the approval of Bond Counsel. Squire Patton Boggs (US) LLP has acted in the capacity as Bond Counsel for the purpose of rendering an opinion with respect to the authorization, issuance, delivery, legality and validity of the Series 2020 Bonds and for the purpose of rendering an opinion on the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes and certain other tax matters.

Certain legal matters will be passed upon for the Authority by its counsel, Haile Shaw & Pfaffenberger, P.A., North Palm Beach, Florida; for the Corporation by its counsel, Squire Patton Boggs (US) LLP, Washington, D.C.; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

### **Tax-Exempt Bonds**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax and (ii) the Tax-Exempt Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Tax-Exempt Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the Corporation contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Tax-Exempt Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel also has relied upon representations of the Corporation concerning the Corporation's “unrelated trade or business” activities, as defined in Section 513(a) of the Code. Failure of the Corporation to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Tax-Exempt Bonds in a manner that is substantially related to the Corporation's exempt purpose under Section 513(a) of the Code, may cause interest on the Tax-Exempt Bonds to be included in gross income retroactively to the date of the issuance of the Tax-Exempt Bonds. Bond Counsel will not independently verify the accuracy of the Authority's and the Corporation's representations and certifications or the continuing compliance with the Authority's and the Corporation's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the IRS or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the Corporation may cause loss of such status and result in the interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds. The Corporation and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Tax-Exempt Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Tax-Exempt Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the market value of the Tax-Exempt Bonds.

Interest on the Tax-Exempt Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Tax-Exempt Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2020 Tax-Exempt Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Corporation or the owners of the Tax-Exempt Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax-Exempt Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Tax-Exempt Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Tax-Exempt Bonds.

Prospective purchasers of the Tax-Exempt Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Tax-Exempt Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest or other income on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Tax-Exempt Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Tax-Exempt Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Tax-Exempt Bonds may be affected and the ability of holders to sell their Tax-Exempt Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

## Original Issue Discount and Original Issue Premium

Certain of the Tax-Exempt Bonds (“Discount Tax-Exempt Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Tax-Exempt Bond. The issue price of a Discount Tax-Exempt Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Tax-Exempt Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Tax-Exempt Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Tax-Exempt Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Tax-Exempt Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Tax-Exempt Bond. A purchaser of a Discount Tax-Exempt Bond in the initial public offering at the issue price (described above) for that Discount Tax-Exempt Bond who holds that Discount Tax-Exempt Bond to maturity will realize no gain or loss upon the retirement of that Discount Tax-Exempt Bond.

Certain of the Tax-Exempt Bonds (“Premium Tax-Exempt Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Tax-Exempt Bond, based on the yield to maturity of that Premium Tax-Exempt Bond (or, in the case of a Premium Tax-Exempt Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Tax-Exempt Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Tax-Exempt Bond, the owner's tax basis in the Premium Tax-Exempt Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Tax-Exempt Bond for an amount equal to or less than the amount paid by the owner for that Premium Tax-Exempt Bond. A purchaser of a Premium Tax-Exempt Bond in the initial public offering who holds that Premium Tax-Exempt Bond to maturity (or, in the case of a callable Premium Tax-Exempt Bond, to its earlier call date that results in the lowest yield on that Premium Tax-Exempt Bond) will realize no gain or loss upon the retirement of that Premium Tax-Exempt Bond.

***Owners of Discount and Premium Tax-Exempt Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Tax-Exempt Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.***

## Taxable Bonds

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes; and (ii) interest on the Taxable Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Taxable Bonds. The legal defeasance of the Taxable Bonds might result in a deemed sale or exchange of the Taxable Bonds under certain circumstances; owners of the Taxable Bonds should consult their tax advisors as to the federal income tax consequences of such an event. Prospective purchasers of the Taxable Bonds should consult their tax advisors as to the federal, state and local, and foreign tax consequences of their acquisition, ownership, and disposition of the Taxable Bonds.



The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Taxable Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. owners).***

Prospective purchasers of the Taxable Bonds upon their original issuance at prices other than the respective prices indicated on the [inside] cover of this Official Statement, and prospective purchasers of the Taxable Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### **Payment of Interest**

In general, interest paid or accrued on the Taxable Bonds, including qualified stated interest on Discount Taxable Bonds (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the Taxable Bonds in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled “**Original Issue Discount and Original Issue Premium.**”

### **Original Issue Discount and Original Issue Premium**

Certain of the Taxable Bonds (“Discount Taxable Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Taxable Bond, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Taxable Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Taxable Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Taxable Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Taxable Bond (i) is interest includable in the U.S. owner's gross income for federal income tax purposes, and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of the Discount Taxable Bond. The effect of OID is to accelerate the recognition of taxable income for a U.S. owner using the cash method of accounting during the term of the Discount Taxable Bond.

Certain of the Taxable Bonds (“Premium Taxable Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium Series 2020 Taxable Bond, that owner will be considered to have purchased such Premium Taxable Bond with “amortizable bond premium” equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Taxable Bond using a constant yield to maturity method over the remaining term of the Premium Taxable Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Taxable Bond pursuant to Section 1016(a)(5) of the Code.

***Owners of Discount and Premium Taxable Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Taxable Bonds, other federal tax consequences in respect of OID***

*and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.*

### **Sale, Exchange, Retirement or Other Taxable Disposition of Taxable Bonds**

Upon the sale, exchange, retirement or other taxable disposition of a Series 2020 Taxable Bond, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the Series 2020 Taxable Bond or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the Series 2020 Taxable Bond to the owner, increased by any OID includible in the owner's ordinary income for the Series 2020 Taxable Bond and reduced by any principal payments on the Series 2020 Taxable Bond previously received by the owner (including any other payments on the Series 2020 Taxable Bond that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above under the section entitled **“Original Issue Discount and Original Issue Premium.”** Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a Series 2020 Taxable Bond (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the Series 2020 Taxable Bond exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### **Information Reporting and Backup Withholding**

General information reporting requirements will apply to payments of principal and interest made on the Taxable Bonds and the proceeds of the sale of Taxable Bonds to non-corporate holders of the Taxable Bonds, and “backup withholding,” currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of Taxable Bonds that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

### **Medicare Tax Affecting U.S. Owners**

**A U.S. owner that is an individual or estate, or a trust not included in a special class of trusts that is exempt from such tax, is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's “net investment income” for the taxable year and (2) the excess of the U.S. owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual, estate, or trust, should consult its tax advisor regarding the applicability of the Medicare tax.**

### **Non-U.S. Owners**

Under the Code, interest and OID on any Series 2020 Taxable Bond whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Taxable Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Taxable Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. *Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the Taxable Bonds.*

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“FATCA”) generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of Taxable Bonds. This requirement otherwise would have applied to a sale or other disposition of Taxable Bonds made on or after January 1, 2019.

In the case of payments made to a “foreign financial institution” (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “FATCA Agreement”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “IGA”), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any “substantial” U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

If Taxable Bonds are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in “**Non-U.S. Owners**” or “**Information Reporting and Backup Withholding**” also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on Taxable Bonds as a result of a failure by an investor (or by an institution through which an investor holds the Taxable Bonds) to comply with FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms of the Taxable Bonds, be required to pay additional amounts with respect to any Series 2020 Taxable Bond as a result of the deduction or withholding of such tax. ***Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of Taxable Bonds.***

## 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 of the Series 2020 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 2020 Bonds.

The Authority has not been in default at any time after December 31, 1975, as to principal or interest with respect to any obligation issued or guaranteed by the Authority for the benefit of any Obligated Group Member. No Obligated Group Member has been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by any Obligated Group Member.

### **FINANCIAL FEASIBILITY STUDY**

Management's financial forecast for the six years ending August 31, 2025, included as part of the Financial Feasibility Study dated August 17, 2020 included in Appendix C hereto, has been examined by Dixon Hughes Goodman LLP, independent certified public accountants, as stated in Appendix C. As stated in the Financial Feasibility Study, there will usually be differences between the forecasted data and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Obligated Group, as of and for the Fiscal Years ended August 31, 2019, are included as Appendix B to this Official Statement. Such financial statements have been audited by Mayer Hoffman McCann P.C., Boca Raton, Florida, independent auditors, as stated in their report appearing in Appendix B to this Official Statement.

### **UNDERWRITING**

The Series 2020 Bonds are being purchased by Herbert J. Sims & Co., Inc (the "Underwriter"), as Underwriter for a purchase price of \$\_\_\_\_\_ (representing the par amount of the Series 2020 Bonds, less original issue discount of \$\_\_\_\_\_ and an underwriting discount of \$\_\_\_\_\_), pursuant to a Bond Purchase Agreement among the Authority, the Corporation and the Underwriter (the "Bond Purchase Agreement"). The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2020 Bonds to the public. The obligations of the Underwriter to accept delivery of the Series 2020 Bonds are subject to various conditions contained in the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2020 Bonds if any Series 2020 Bonds are purchased.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to persons and entities who may have relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own accounts and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of the Authority (directly, as collateral securing other obligations or otherwise) and persons and entities with relationships with the Authority. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and short positions in such assets, securities and instruments.

### **MISCELLANEOUS**

The references herein to the Act, the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgage and other documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials,

copies of which will be furnished by the Underwriter or the Bond Trustee upon request for further information. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached appendices are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing statements. It is anticipated that CUSIP identification numbers will be printed on the Series 2020 Bonds, but neither the failure to print such numbers on any Series 2020 Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Series 2020 Bonds.

The information assembled in this Official Statement has been supplied by the Corporation and other sources believed to be reliable, and, except for the statements under the headings “SHORT STATEMENT – The Authority,” “INTRODUCTION – The Authority,” “THE AUTHORITY,” and “LITIGATION – The Authority,” the Authority makes no representations with respect to nor warrants the accuracy of such information. The Corporation has agreed to indemnify the Authority and the Underwriter against certain liabilities relating to the Official Statement.

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Signature Page

The execution, delivery and distribution of this Official Statement have been duly authorized by the Corporation.

**FEDERATION CCRC OPERATIONS CORP.**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX A**  
**TOBY AND LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON**

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# TOBY AND LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON

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## FEDERATION CCRC OPERATIONS CORP.

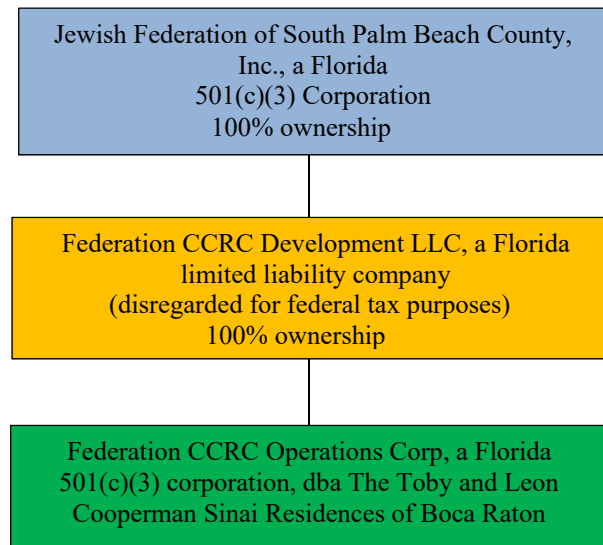
### Background

Federation CCRC Operations Corp. (the “**Corporation**”), is a Florida not-for-profit corporation organized to develop, own and operate a continuing care retirement community (“**CCRC**”) located on the campus of the Jewish Federation of South Palm Beach County in Boca Raton, Palm Beach County, Florida (the “**Property**”), and known as the Toby and Leon Cooperman Sinai Residences of Boca Raton (“**Sinai Residences**”). The Corporation is the sole member of the Obligated Group and is the Obligated Group Representative under the Master Indenture that secures the repayment of the Series 2020 Bonds.

The initial phase of Sinai Residences (the “**Phase I Project**”), was completed in 2016, with the initial residents moving in beginning January 2016 and final units becoming available in October 2016. The Phase I Project contains 234 independent living units (the “**Existing Independent Living Units**”), 48 assisted living units (the “**Assisted Living Units**”), 24 memory-support units (the “**Memory Support Units**”), 60 skilled nursing beds (the “**Skilled Nursing Beds**”) and common areas. The Assisted Living Units, the Memory Support Units and the Skilled Nursing Beds are collectively referred to as the “**Health Care Center**.” The Corporation will use the proceeds of the Series 2020 Bonds to build an additional 111 independent living units (the “**New Independent Living Units**”) and collectively with the Existing Independent Living Units, the “**Independent Living Units**”) and related amenities (collectively, the “**Phase II Expansion**”) as an expansion of Sinai Residences. See “**PHASE II EXPANSION**” herein.

The Corporation has been determined by the Internal Revenue Service (the “**IRS**”) to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”). The IRS issued its determination letter on February 13, 2013. The letter is in full force and effect and the Corporation is not aware of any facts that could cause the letter to be rescinded or modified by the IRS.

The Corporation is an affiliate of the Jewish Federation of South Palm Beach County, Inc., a Florida not-for-profit corporation (the “**Federation**”). See “**SINAI RESIDENCES - The Federation**” below.\*



\* Federation CCRC Development, LLC, a Florida limited liability company (“**Development LLC**”), is the sole member of the Corporation and is a disregarded entity for income tax purposes, whose assets are treated as being wholly owned by the Federation. It was formed to serve as the sole member of the Corporation and as the sole member of Federation CCRC Property Corp. (“**Property Corp.**”), which owned the property on which the Phase I Project was to be constructed prior to commencement of the Phase I Project. Property Corp. was merged into the Corporation concurrently with the commencement of the Phase I Project. Development LLC has no assets or activities other than its interest in the Corporation.

## **Mission Statement**

Sinai Residences provides a superior lifestyle for active adults through a focus on wellness, health services and a wide array of amenities. While guided by Jewish faith and heritage, Sinai Residences' progressive senior living community welcomes people of all faiths, beliefs and cultures. The environment Sinai Residences fosters supports freedom, dignity, independence and security.

## **Governance of the Corporation**

The Corporation is governed by a Board of Directors (the "**Board**"). None of the members of the Board (and no other person) has or will have an ownership interest or an equitable or beneficial interest in Sinai Residences or its assets. The Board takes such actions, and performs such duties and responsibilities as may be authorized by law and the Corporation's Articles of Incorporation and By-Laws. No part of the net earnings of the Corporation may inure to the benefit of any directors or officers of the Corporation or other private individuals, except that reasonable compensation may be paid for services rendered in carrying out one or more of the Corporation's purposes. No person involved in the development, construction or management of Sinai Residences has any proprietary interest in the Corporation and no director or officer shall be entitled to share in any distribution of any of the Corporation's assets upon dissolution of the Corporation.

The Corporation Board is comprised of no fewer than three directors, two of whom shall be the individuals serving as (i) the Chairperson of the Board of Managers of Development LLC and (ii) the Chairperson of the CCRC Committee of the Federation, as the sole Member of Development LLC. A third individual shall be elected by Development LLC for a one-year term and may serve four consecutive one-year terms. Development LLC, by resolution, may increase the number of directors serving on the Board if such resolution describes the method of election of such additional directors. The By-Laws of the Corporation require it to have three principal officers, a Chairperson, a Treasurer, a Secretary (collectively, the "**Principal Officers**"), and such other officers as the Board may appoint.

The current directors and Principal Officers of the Corporation include the following individuals:

**Arthur H. Goldberg (Age 77) – Chairman.** Mr. Goldberg is the current Chairman of the Federation Board of Directors. He is a former practicing attorney at Javits and Javits in New York; president of Integrated Resources, a NYSE-listed financial services firm; President at Manhattan Associates LLC; and Chairman of Reich and Co., an investment banking and securities brokerage firm. He received his undergraduate degree and law degree from New York University.

**Matthew Levin (Age 55)– President.** Mr. Levin joined the Federation as President and Chief Executive Officer on August 1, 2012. Mr. Levin joined the Federation following 25 years with the American Israel Public Affairs Committee ("**AIPAC**"), culminating as Southeastern States Director and Florida Regional Director. At AIPAC, Mr. Levin was primarily responsible for expanding the Southeast major gifts program. Mr. Levin also proved his expertise in strategic planning, leadership development, and relationship building.

Prior to joining AIPAC's Florida staff, he served in the Washington, DC AIPAC office as a Field Organizer for pro-Israel communities in the northeast, midwest, and southwest regions of the United States. Mr. Levin traveled extensively throughout the United States, speaking about the importance of the United States–Israel relationship and the need for citizen involvement.

Mr. Levin graduated from the University of South Florida in Tampa in 1987, where he received a Bachelor of Arts degree in Political Science with a primary emphasis on United States – Soviet relations.

**Wesley E. Finch, CPA (Age 73) – Treasurer.** Mr. Finch is a founder and Chairman of The Finch Group ("**TFG**"), a multi-faceted real estate development and management entity headquartered in Boca Raton, Florida. TFG has developed, managed and owns or has sold in excess of \$2 billion of a variety of types of real estate. Mr. Finch is a graduate of Bernard Baruch School of the City College of New York in 1971 and

has served as Chairman of U.S. Senator John Kerry's campaigns from 1984 through 1996, National Coordinating Chairman of the Democratic Senatorial Campaign Committee (a legal extension of the U.S. Senate) from 1987 through 1988, and as a member of President Clinton's transition team in 1992 and 1993.

**Mel Lowell (Age 73) – Secretary and Assistant Treasurer.** Mr. Lowell is the Chief Operating Officer of the Federation, where he has final responsibility for the daily operation of its 100-acre campus as well as all financial, administrative, strategic planning, development and compliance functions.

Mr. Lowell is a financial and administrative executive, specializing in business operations, financial control, financial reporting and operating efficiency. After five years in public accounting, Mr. Lowell served for fourteen years as Vice President, Finance and Business Affairs, for Madison Square Garden, the New York Knickerbockers and the New York Rangers. During this tenure, he was also an alternate Governor of the National Hockey League ("NHL") and the National Basketball Association ("NBA") and was selected as a member of the NHL and NBA CFO's Finance Committee where he guided the implementation of a uniform financial reporting package for forty-four professional sports teams. He left Madison Square Garden to become one of the original members of the Tampa Bay Hockey Group that brought NHL hockey to the Tampa Bay area. Mr. Lowell played a significant role in raising (i) \$65 million for purchase and ramp-up of operations for the franchise, and (ii) \$150 million for construction of a state-of-the-art sports arena in Tampa. Mr. Lowell is the proud recipient and owner of two "championship rings." Mr. Lowell has been an employee of the Federation for over 16 years.

Mr. Lowell received a BBA from the honors program at Pace University in Accountancy Practice, Finance and Administration, and he has been an invited guest speaker by the National Association for Continued Accounting Education on the operation and auditing of professional sports teams and arenas.

All of the directors of the Corporation are also members of the Board of Managers for Development LLC. The Board of Managers for Development LLC appoint the Principal Officers and Board of the Corporation. In addition to the Directors of the Corporation, the members of the Board of Managers for Development LLC are as follows:

**Karen Podhurst Dern (Age 57).** Mrs. Dern is the Women's Philanthropy Chair, an Officer of the Board and a member of the Program Funding Council Task Force for Jewish Life & Learning for the Federation. She has held numerous other leadership positions in South Florida Jewish communal organizations. An attorney of counsel at Podhurst Orseck Trial & Appellate Lawyers, she received her J.D. from the University of Denver, and a B.A. from University of Michigan.

**Lawrence "Larry" Feldman (Age 70).** Mr. Feldman is the Chair Designate at the Federation. A resident of Boca Raton for 30 years, he is a prominent philanthropist and entrepreneur as well as an award-winning community activist and fundraiser long engaged in communal leadership. Feldman is currently CEO of several corporations, including two regional Subway Sandwich Divisions. He lectures at numerous schools and universities, and advises entrepreneurs and startups in the U.S. and abroad. After receiving his J.D. from Brooklyn Law School, Feldman began his career as Legislative Counsel to Congressman Stewart McKinney and then as counsel to the Banking Committee of the U.S. House of Representatives. His many accolades for business, community and philanthropic endeavors, include 2015 alumni of the year from Brooklyn Law School, *Washington Business Journal* Philanthropy Award for Small Business, *Smart CEO Magazine* Award for Excellence in Philanthropy and *Southern Business Leader Magazine's* 2012 South Florida Business Leader of the Year.

**David H. Galpern (Age 80).** Mr. Galpern has been retired for over twenty years. For more than thirty-five years, he was employed and provided financial and general management services to several multi-national public companies where he served as a senior financial officer as well as Executive Vice President and Chief Financial Officer. He graduated from Rider University with a Bachelor's Degree in Business Administration in 1962.

**Gail Rubin-Kwal MD (Age 67).** Dr. Rubin-Kwal is a Board certified emergency medicine physician at Boca Raton Regional Hospital, Baptist Health South Florida, with over forty years of practice experience.

She received her MD degree from the State University of New York Downstate Medical Center in Brooklyn, New York, in 1979, and completed her internship and residency at the Mount Sinai Medical Center in Miami Beach, Florida in 1982. Dr. Rubin-Kwal also serves as a Clinical Affiliate Assistant Professor-Integrated Medical Science at the Charles E. Schmidt College of Medicine at Florida Atlantic University. She is bilingual, fluent in both Spanish and English.

**Barry Podolsky (Age 69).** Mr. Podolsky has been retired for six years. Prior to retirement, Mr. Podolsky was the president of Podolsky & Associates of Florida, Inc., a company specializing in commercial real estate brokerage in southeast Florida for over thirty years. Mr. Podolsky began his real estate career at The Allen Morris Company, where he gained recognition as the top producer in the State of Florida. Mr. Podolsky started as a Certified Public Accountant with Deloitte and Touche and became the Chief Financial Officer of Anilam Electronics Corp. before moving to real estate. Mr. Podolsky received his MBA from the University of Washington in 1974 and his Bachelor of Science from the University of Illinois in 1972.

All of the officers of the Corporation and the members of the Board of Managers of Development LLC maintain residences in the Boca Raton area. None of the officers of the Corporation or the members of the Board of Managers of Development LLC are residents of Sinai Residences.

### **Conflict of Interest Policy**

From time to time, the Corporation may conduct business transactions with organizations or corporations with which one or more of the officers or managers of the Corporation may be affiliated. The Corporation Board has a practice that requires that any such duality of interest or possible conflict of interest on the part of any officer or manager be disclosed and be made a matter of record and, if necessary, additional specified steps be taken, as appropriate, to assure that the conflict does not affect objective deliberation or vote. The members of the Board are not aware of any prior, present or potential conflicts.

### **Management of Sinai Residences**

The Corporation has engaged Life Care Services, LLC (the “**Manager**”) to manage Sinai Residences. A description of the Manager is included under the heading “**DEVELOPMENT, MANAGEMENT AND MARKETING OF SINAI RESIDENCES PROJECT - Management.**”

### **Licenses and Memberships**

#### ***CCRC Licensure.***

Continuing care facilities in Florida are regulated by the Department of Financial Services, Office of Insurance Regulation for the State of Florida (“**OIR**”) under the provisions of Chapter 651, *Florida Statutes*, as amended (the “**CCRC Act**”). On January 11, 2012, the OIR issued a Preliminary Certificate of Authority (“**PCOA**”) to the Corporation with respect to the Phase I Project, which enabled the Corporation to accept reservation deposits for the Phase I Project. On March 6, 2014, the Corporation received a Certificate of Authority (“**COA**”) from OIR, which enables it to construct and transact the business of a continuing care retirement facility in Florida. OIR granted approval for the Phase II Expansion by Consent Order on May 1, 2019. See “**FLORIDA REGULATION OF CONTINUING CARE FACILITIES**” and “**CERTAIN BONDHOLDERS’ RISKS – Federal and State Health Care Laws and Regulations; Medicare and Medicaid**” in the front part of the Official Statement for additional discussion of CCRC regulation in Florida.

#### ***Certificate of Need.***

Chapter 651, Section 118, *Florida Statutes* provides for the issuance of a certificate of need (“**CON**”) to any holder of a PCOA to provide skilled nursing beds for the exclusive use of residents of the CCRC, up to one skilled nursing bed for every four residential units. The sheltered nursing beds may be used for persons who are not residents of the CCRC for a period of up to five years after the date of issuance of the initial nursing home license,

following which period additional five-year extensions are available if the nursing home would otherwise experience financial losses without admitting persons who are not residents of the CCRC. On February 4, 2014, the Corporation received a CON to establish a 60-bed sheltered nursing home, which was extended in February 2019. The Corporation is not required to obtain a CON for the Phase II Expansion.

### ***Other Certifications and Memberships.***

Currently, the Health Care Center has a five-star rating, the highest rating possible, by the Centers for Medicare and Medicaid Services (“CMS”). Since April 2019, the Health Care Center has been cited a total of three deficiencies. The Florida average annual number of deficiencies cited is 6.2 and the national average is 8.3 deficiencies.

The Corporation is a member of LeadingAge, LeadingAge Florida, the Association of Jewish Aging Services, the Florida Senior Living Association and the Greater Boca Raton Chamber of Commerce.

### **Employees and Labor Relations**

As of July 1, 2020, the Corporation employed 195 full-time employees 104 part-time employees and 28 per-diem staff at Sinai Residences. In addition, approximately 320 personal service providers are hired by, and provide care to, residents of Sinai Residences. Full-time employees who are benefit-eligible, are eligible for the following benefits: medical, dental and vision insurance; life and accidental death and disability insurance; short-term and long-term insurance; enrollment in the Corporation’s 401(k) retirement plan; access to an employee assistance program; participation in the Corporation’s group legal plan; AFLAC and UNUM supplemental insurance; Flexible Spending Accounts (“FSA”); paid holidays and accrual of personal time-off days. None of the Corporation’s or Manager’s employees are represented by a labor union. The Corporation believes employee relations are very good, with low staff turnover since the opening of the Phase I Project.

### **Insurance**

Pursuant to the Master Indenture, the Corporation is required to maintain insurance with respect to Sinai Residences, the operation thereof and its business against such casualties, contingencies and risks and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and is adequate to protect Sinai Residences and its operations, with the Master Trustee named as an additional insured on all such policies. The Corporation maintains insurance in the amounts noted in the table below:

<b><u>Coverage Type</u></b>	<b><u>Limits</u></b>
Property	Replacement Cost
General Liability	\$1 Million/\$2 Million/\$2 Million
Excess Liability	\$10 Million
Directors & Officers Liability	\$10 Million
Automobile Liability	\$1 Million
Workers Compensation	Statutory/Employer
Employer Liability	\$1 Million/\$1 Million/\$1 Million
Professional Liability	\$1 Million/\$3 Million
Owner’s Protective Professional Indemnity Policy	\$2 Million Excess
Flood Insurance	\$500,000 per building/\$100,000 for contents in each building

In connection with the Phase II Expansion, the Corporation will obtain Builder’s Risk insurance covering the replacement value of the Phase II Expansion. The Builder’s Risk Policy will provide replacement value per

occurrence limits for named hurricane windstorms. The named windstorm deductible is 5% of the Phase I Expansion's value at the time of the loss, subject to a \$250,000 minimum deductible.

At least once every two fiscal years with respect to commercial insurance and at least once every fiscal year with respect to self-insurance, the Corporation will cause a certificate of an insurance consultant to be delivered to the Master Trustee which indicates that the insurance then being maintained by the Corporation meets the standards in the Master Indenture. The Corporation currently does not self-insure.

## **Litigation**

### ***General***

The Corporation, like other similar entities, are subject to a variety of suits and proceedings arising in the ordinary conduct of their affairs. The Corporation, after reviewing the current status of all pending and threatened litigation, believe that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Corporation are adequately covered by insurance or self-insurance reserves established by the Corporation or will not have a material adverse effect upon the financial position or results of operations of any of the Corporation. No litigation, proceedings or investigations are pending or, to the Corporation's knowledge, threatened against the Corporation except (i) litigation, proceedings or investigations in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of the Corporation management, will be entirely within the applicable insurance policy limits (subject to applicable deductibles), or (ii) litigation, proceedings or investigations which if adversely determined will not, in the opinion of Corporation management, have a material adverse effect on the operations or condition, financial or otherwise, of the Corporation. The Corporation also has advised that there is no litigation pending or, to the knowledge of the Corporation, threatened, which in any manner questions the right of the Corporation to enter into the financing described herein.

### ***Phase I Project Construction Dispute***

The Corporation is involved in ongoing litigation with the general contractor for the Phase I Project (the "**Phase I General Contractor**") and the architect for the Phase I Project (the "**Phase I Architect**") related to cost overruns and construction delays resulting from certain design defects of the Phase I Project. Shortly after the General Contractor mobilized in the spring of 2014 to begin construction of the Phase I Project, the engineering design sub-consultant for the Phase I Architect (the "**Phase I Engineering Design Consultant**") provided notice that it found an error in its design for the structural concrete for the Phase I Project. Work on that portion of the Phase I Project stopped for three months until the Phase I Engineering Design Consultant released a new design. As a result, in the fall of 2014, the Phase I General Contractor submitted significant change orders related to the structural concrete portions of the work and other impacts to the work due to the redesign and delay on its behalf and on behalf of its subcontractor (the "**Phase I Concrete Subcontractor**"). The Corporation paid the Phase I General Contractor and the Phase I Concrete Subcontractor in full for any additional costs to the work associated with the structural design error, and the Corporation obtained a complete release from the Phase I General Contractor on any claims related thereto. The Phase I General Contractor subsequently requested and was provided a 55-day extension of time to complete the Phase I Project due to the redesign of the structural concrete portion of the work and its impacts. In August 2015, the Phase I General Contractor provided the Corporation with adjusted substantial completion dates about one-month beyond the extended completion date. Substantial completion of Phase I Project's various components occurred several weeks beyond the adjusted substantial completion dates. These actions caused a delay in move in dates for the initial Existing Living Units and cost the Corporation several hundred thousand dollars and substantial good will. The Phase I General Contractor claimed that the additional delays and its timing misestimate were caused both by the unforeseen ripple effects of the structural redesign, by numerous other errors and omissions in the design and by a larger than expected amount of individual unit personalization that was not factored into the original or adjusted schedules.

In addition to the construction delays, the Phase I Project also experienced significant issues in the start-up and testing and balancing of the HVAC systems for the initial Existing Living Units. Shortly after initial occupancy, portions of the initial Existing Living Units experienced high humidity. In addition, the presence of some environmental growth was discovered in a number of Existing Independent Living Units (about 10% of the



individual units experienced environmental growth). The cause of the high humidity appeared to be a combination of design related issues and construction installation/system start up issues (which was the contractual responsibility of the Phase I General Contractor and its HVAC subcontractor). The Phase I General Contractor subsequently remedied the HVAC issues related to the Existing Independent Living Units.

In May 2016, the Phase I General Contractor provided a letter indicating that it had a \$4.6 million cost overrun (beyond the initial change orders) in its forecasted general conditions and general requirements on the Phase I Project. The Phase I General Contractor claimed that these additional costs were the result of the construction delays associated with the structural redesign and other design issues, and Independent Living Unit personalization delays. The Corporation and the Phase I General Contractor reached a partial agreement on certain change order claims and the waiver of liquidated damages, but other claims remained unresolved.

In July 2017, the Corporation filed a complaint against the Phase I Architect seeking recovery for the costs of change orders related to the structural design errors and for any costs potentially due to the Phase I General Contractor related to the HVAC failures. In April 2018, the Phase I General Contractor filed a complaint against the Corporation seeking recovery for the unresolved changed order amounts. The Corporation and the Phase I General Contractor participated in a mediation of their dispute and reached a settlement agreement on August 29, 2019, under which the Phase I General Contractor agreed to release all claims against the corporation, except to the extent there is a recovery in the case against the Phase I Architect. The parties are in ongoing mediation over the claims against the Phase I Architect, and the Corporation intends to continue to pursue its claims vigorously. The Corporation provides no opinion at this time regarding any potential outcome.

## **Hurricane Plan**

In January 2020, the Corporation installed a new permanent generator system in order to comply with Florida and the Agency for Health Care Administration's ("AHCA") regulations relating to the loss of power at assisted living and nursing facilities during Hurricanes and/or other events causing a sustained loss of electrical power.

The Corporation spent approximately \$4,500,000 to install the new permanent generator system, which consists of six new 400 kilowatt natural gas Kohler generators, which have been installed to supplement the existing 1,000 Kohler kilowatt generator. The existing generator provides emergency power for the building housing the Skilled Nursing Units, and life safety requirements throughout Sinai's Campus. The six new permanent generators fully power all electrical, mechanical, HVAC and telecommunications equipment for all of Sinai Residences, its restaurants, and the building that provides administrative services. The Corporation is including a similar permanent generator system the Phase II Expansion.

The Corporation has adopted a plan (the "**Hurricane Plan**") to provide for a plan of action in the event of a hurricane. Hurricane season in Florida is June 1 through November 30 of each year. The Hurricane Plan provides a plan of action associated with both protecting and providing for residents in the event the Corporation is not able to evacuate residents, and an evacuation plan and refuge agreements in the event that Sinai Residences must be evacuated. The Hurricane Plan also sets forth the responsibilities of various parties in the event of a hurricane in a Pre-Seasonal Checklist, a Pre-Hurricane Strike Checklist, a During the Hurricane Checklist and an After the Hurricane Checklist.

The Phase II Expansion will be constructed in compliance with all applicable standards associated with the Phase II Expansion's location within a hurricane zone as determined by governmental authority. The Corporation's Builder's Risk and Property Coverage will provide replacement value per occurrence limits for named hurricane windstorms. The named windstorm deductible is 5% of Sinai Residences' value at risk at the time of the loss, subject to a \$250,000 minimum deductible.

## **Property Taxes**

Under Section 196.1975 *Florida Statutes*, each occupied independent living unit is eligible for a \$25,000 homestead exemption. Based on the Corporation's understanding of Palm Beach County's current application of applicable law and the experience with the Phase I Project, the Corporation believes that it will be able to obtain

additional exemptions from property taxes for the Independent Living Units in the Phase II Expansion. The determination of assessed valuation for real property tax purposes is made annually by Palm Beach County.

## THE FEDERATION

### General

The Federation, a Florida not-for-profit corporation, was incorporated in November 1979 as a not-for-profit charitable organization described under Section 501(c)(3) of the Code. The Federation serves the communities of Boca Raton, Delray Beach and Highland Beach in the southern portion of Palm Beach County, Florida. The Federation's purpose is to further the welfare of the Jewish community in Palm Beach County, Florida, in Israel and in more than sixty countries around the world through fundraising, financial support and the delivery of philanthropic services.

In fiscal year 2019, the Federation raised over \$31.3 million (including \$14 million from its annual campaign) that it distributed to more than 30 different Jewish agencies for charitable programs and services. In fiscal year 2019, the Federation spent approximately 75% of its budget on the delivery of programs and services. The Federation is consistently ranked among the top 15 Jewish agencies in the United States by dollar amount of funds raised.

The Federation operates an approximately 100-acre campus (the "**Federation Campus**") in Boca Raton, with a main address of 9901 Donna Klein Blvd, Boca Raton, FL 33428. The Federation Campus currently consists of approximately one-million square feet of office and community facilities, including administration and family services departments, Sinai Residences, the Katz Yeshiva High School, the Donna Klein day school/early childhood center, space for cultural activities and a health and physical fitness center that includes a basketball gymnasium, tennis courts and a swimming pool.

The Federation provides charitable services through (i) the Adolph & Rose Levis Jewish Community Center, (ii) the Donna Klein Jewish Academy, a private K-12 school, (iii) the Jewish Association for Residential Care and (iv) the Ruth Rales Jewish Family Services. In addition, the Federation provides programs and services through (1) the Jewish Community Foundation, which provides opportunities to support the continuity of Jewish life in south Palm Beach County, Florida, (2) the Jewish Community Relations Council, the public-policy and social-action arm of the Federation that works to unite the organized Jewish community, and (3) the Jewish Education Department, which provides Jewish learning opportunities for people of all ages. Finally, the Federation works with a variety of affiliated-member and beneficiary-member agencies and organizations such as local temples and synagogues, as well as the American Jewish Committee, the Anti-Defamation League, Community Kollel, Hillel Day School, the Solomon Schechter Day School of Palm Beach County, and the Torah Academy of Palm Beach County Yeshiva High School.

Services provided by the Federation include:

- The Adolph and Rose Levis Jewish Community Center on the Federation Campus serves more than 30,000 participants in its various programs, including education, childcare, summer camps, special needs services, sports and wellness, cultural arts and adult services.
- The Ruth Rales Jewish Family Service that provides a wide range of services to over 35,000 people annually for people of all ages, including crisis intervention services and therapeutic counseling programs, and delivers over 10,000 kosher food packages per year to needy Jewish families and individuals.
- The Jewish Association of Residential Care that provides housing and job-training programs for adults with developmental disabilities, with nearly 4 million hours of programming per year, including 24-hour care for its residents and vocational programs including culinary training, mailroom functions, environmental services and computer education.
- Four local Jewish day schools teaching over 1,000 students and providing nearly \$800,000 in financial aid for the students.
- Feeding nearly 600 individuals and families who receive food from its local food pantry.

The Federation has a history of providing care and housing for seniors. The Harry & Jeanette Weinberg House and the Shirley H. Gould House located on the Federation Campus are rental housing communities for low-income seniors and handicapped individuals. These communities are fully occupied and have an approximately three-year waiting list. Each community received scores of over 95 in their most recent HUD REAC inspection. In January 2020, the Federation entered into an agreement with a private developer to sell the Weinberg House and Gould House Apartments. The closing of the Gould House sale occurred in June 2020, and Federation expects the Weinberg House sale to close in the late 2020 or early 2021. The new owner will be obligated to continue to operate the properties as rental housing communities for low-income seniors and handicapped individuals for at least the next 30 years.

In addition to the Weinberg House and the Gould House apartments, the Federation provides adult day care and memory care services at the Adolph & Rose Levis Adult Day Care Center located on the Federation Campus.

**THE FEDERATION IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OR INTEREST ON THE SERIES 2014 BONDS OR THE SERIES 2020 BONDS. THE FEDERATION HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT, THE PHASE II EXPANSION OR SINAI RESIDENCES. THE FEDERATION HAS NO OBLIGATION TO ADVANCE FUNDS TO THE CORPORATION.**

### **Federation Subordinated Obligation**

In connection with the Phase I Project, the Corporation and the Federation entered into a Development Agreement dated as of May 1, 2014 (the “**Phase I Development Agreement**”), pursuant to which the Federation provided certain development services to the Phase I Project. In consideration of the performance by the Federation of the development services, the Corporation agreed to pay the Federation a development fee of \$1,000,000. In addition to the development fee, the Corporation agreed pay the Federation \$13,000,000 as consideration for (i) the land on which the Phase I Project was constructed and (ii) the Federation providing certain liquidity support for the Series 2014 Bonds. The Federation received a cash payment of \$11,000,000 of the amount due under the Phase I Development Agreement, and the Federation deferred the remaining \$3,000,000. The Corporation’s obligation to repay the outstanding balance to the Federation is evidenced by a subordinate promissory note (the “**Federation Subordinated Obligation**”). The Federation Subordinated Obligation accrues interest at 4.00% up to a maximum of the principal value of the subordinated note. See “**FINANCIAL INFORMATION – Federation Subordinated Obligation**” below for a discussion of the repayment of the Federation Subordinated Obligation.

Pursuant to the Master Indenture as contemplated to be amended by the Third Supplement, no payment of principal or interest shall be made on the Federation Subordinated Obligation unless the following conditions have been satisfied: (i) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (ii) after the proposed payment the Days’ Cash on Hand will not be less than 150 days based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Obligated Group is then in compliance with Chapter 651, *Florida Statutes*, as amended; and (iv) no Event of Default has occurred and is continuing under the Master Indenture. No payments have been made to date on the deferred portion of the Federation Subordinated Obligation.

### **Phase II Development Agreement**

Pursuant to the terms of a Development Agreement between the corporation and the Federation dated as of September 1, 2020 (the “**Phase II Development Agreement**”), the Corporation will pay the Federation \$5,000,000 in development fees as consideration for the Federation’s assistance in the development, financing, construction and marketing the Phase II Expansion. The Corporation will pay (a) fifty percent (50%) of this development fee at the time of the closing of the financing for the Phase II Expansion, (b) 30 percent (30%) will be paid at such time when construction of the Phase II Expansion is 50% complete based on expenditures to date compared to the construction budget, and (c) the remaining twenty percent (20%) shall be paid upon retirement of all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. See “**THE PHASE II EXPANSION - Design and**

**Construction of the Phase II Expansion – Owner’s Representative”** for a further discussion of Federation’s obligations under the Phase II Development Agreement.

## MANAGEMENT OF SINAI RESIDENCES

### Manager

The Corporation has engaged Life Care Services LLC (“**Life Care Services**” or the “**Manager**”), a wholly-owned subsidiary of LCS, to manage Sinai Residences. The Manager has managed Sinai Residences since its opening, and it provided certain pre-opening services while the Phase I Project was being constructed. See “**CERTAIN BONDHOLDERS’ RISKS – Reliance on the Manager and the Developer**” in the front part of the Official Statement for a discussion of risks associated with third-party management.

The Manager and its affiliates manage 129 retirement communities serving over 34,000 residents in 33 states and the District of Columbia, ranging in size from 60 units to over 1,700 units. LCS manages retirement communities owned by for-profit and nonprofit sponsors. LCS is the third largest manager of retirement communities in the United States measured by total number of units. A representative list of entrance fee communities with more than 300 residents that the Manager and its affiliate are managing as of August 1, 2020, includes the following:

Community	City	State	Total Units
Atlantic Shores	Virginia Beach	VA	669
Blakehurst	Towson	MD	339
Brandon Wilde	Evans	GA	345
Capital Manor	Salem	OR	378
Carillon	Lubbock	TX	419
Casa de las Campanas	San Diego	CA	489
Catholic Care Center	Bel Aire	KS	319
Cedars of Chapel Hill, The	Chapel Hill	NC	376
Clare, The	Chicago	IL	321
Croasdaile Village	Durham	NC	585
Cypress Village	Jacksonville	FL	510
Cypress of Charlotte, The	Charlotte	NC	370
Cypress of Hilton Head, The	Hilton Head Island	SC	380
Cypress of Raleigh, The	Raleigh	NC	301
Dallas Retirement Village	Dallas	OR	344
Freedom Plaza	Sun City Center	FL	620
Freedom Pointe at The Villages	The Villages	FL	381
Freedom Square of Seminole	Seminole	FL	693
Freedom Village	Holland	MI	387
Freedom Village at Brandywine	Coatesville	PA	422
Freedom Village of Bradenton	Bradenton	FL	707
Friendship Village Kalamazoo	Kalamazoo	MI	360
Friendship Village Tempe	Tempe	AZ	722
Greenwood Village South	Greenwood	IN	428
Harrogate	Lakewood	NJ	321
Henry Ford Village	Dearborn	MI	1040
Heritage at Brentwood, The	Brentwood	TN	387
Lake Port Square	Leesburg	FL	551
Lake Seminole Square	Seminole	FL	337
Marquette	Indianapolis	IN	412
Meadow Ridge	Redding	CT	368
Mercy Ridge	Timonium	MD	455
Monarch Landing	Naperville	IL	458
Park Springs	Stone Mountain	GA	521
Peabody Retirement Community, Inc.	North Manchester	IN	366
Regency Oaks	Clearwater	FL	471

Community	City	State	Total Units
Sagewood	Phoenix	AZ	438
Sedgebrook	Lincolnshire	IL	588
South Port Square	Port Charlotte	FL	614
StoneRidge	Mystic	CT	302
Summit Vista	Taylorsville	UT	1702
Timber Ridge at Talus	Issaquah	WA	389
Virginian, The	Fairfax	VA	323
Westminster	Austin	TX	434
Westminster Village Terre Haute	Terre Haute	IN	317
Wyndemere	Wheaton	IL	417

The Manager provides management services from its home office in Des Moines, Iowa and regional offices in Charlotte, North Carolina; Indianapolis, Indiana; Delray Beach, Florida; San Diego, California; and St. Louis, Missouri. The principal officers of LCS include Mr. Joel Nelson, Mrs. Diane Bridgewater, Mr. Rick Exline, Ms. Jill Sorenson, and Mr. Jason Victor.

**Joel Nelson.** Mr. Nelson is President and Chief Executive Officer of LCS. He has experience with all phases of real estate acquisition, development, operations, marketing and sales. He is responsible for executing the business strategy across the various business lines of LCS and its affiliates. Mr. Nelson serves on the board of managers for Life Care Companies, LCS Holdings, and is past- chair and a current member of the Investment Committee. Mr. Nelson is a member of the National Investment Center (“NIC”) operator advisory board and the Central Iowa Alzheimer’s Association board. He is also past chair and current board member of Child Serve, Inc., a nonprofit corporation in Des Moines, Iowa that serves children and families with complex health care needs. Mr. Nelson earned a Bachelor of Science degree in health service administration from Simpson College.

**Diane Bridgewater.** Mrs. Bridgewater is Executive Vice President/Chief Financial and Administrative Officer of LCS. She joined the organization in 2006 after filling several executive level positions with Pioneer Hi-Bred International, a DuPont Company (“Pioneer”). In her years with Pioneer, she held a number of operational and financial roles including: Chief Financial Officer, Vice President and Business Director for North America, Director of Customer and Sales Services for Seed and Crop Protection, Worldwide Finance Director, and other roles. She started her career with KPMG. She earned her undergraduate degrees in Accounting and French from the University of Northern Iowa and received her CPA certification in 1986. She currently serves on the boards of LCS Holdings, Inc., Life Care Companies LLC, Casey’s General Stores, and Bankers Trust.

**Rick Exline.** Mr. Exline joined LCS in 1978 and is responsible for the oversight of the company’s continuing care retirement communities including third party and investment senior living management services. He oversees the communities’ senior living management teams, health care group, national sales, new business development and life plan community development teams. He serves on the board of managers for Life Care Companies LLC, the board of directors for LCS Holdings, Inc., executive leadership and senior living management teams. Rick is also a trustee for the company’s 401(k) benefits program as well as serving on the board of trustees for Simpson College. He holds dual bachelor’s degrees in business administration from Simpson College and in health care administration from Oklahoma Baptist University. He is a graduate of the Executive Institute at The University of North Carolina at Chapel Hill.

**Jill Sorenson.** Ms. Sorenson is the Senior Vice President/Senior Director of Life Plan Communities for Life Care Services LLC. She provides oversight over a portfolio of communities from her Florida location. She has been with the Manager since 1982. After spending 15 years at the LCS corporate office in Des Moines, Iowa working in the areas of accounting, information technology, and corporate resource manager, she was promoted to Administrator and eventually Executive Director of a continuing care retirement community in San Diego, California. She was promoted to Director of Operations Management in 2007, to Vice President in 2010, and to Senior Vice President/Senior Director of Life Plan Communities in 2012. She holds an MBA from the University of Phoenix and a Bachelor’s Degree in Business Administration from Simpson College. She also served as a CARF/CCAC site evaluator from 2000-2007. She has presented at various industry conferences on a state and national level on a variety of topics affecting the senior living industry.

**Jason Victor.** Mr. Victor is Vice President/Controller, Treasurer and a Manager of Life Care Services. Jason joined the organization in 2007 and currently has responsibility for the organization's Corporate Accounting, Treasury and Tax functions. He oversees all aspects of general accounting, cash management, payroll, consolidations, and financial reporting. In addition, Jason provides oversight and guidance related to audits, internal controls, technical accounting, tax, and financial management systems. He started his career with Ernst & Young and later spent 9 years in various finance positions with Praxair, a Fortune 500 organization. He earned his undergraduate degree in Accounting from the University of Northern Iowa and currently holds an active CPA license in the state of Iowa. He also serves on the board of directors of Hexagon Insurance Company, Ltd.

**Jay Mikosch** is the onsite Executive Director of Sinai Residences. He joined LCS as Associate Executive Director in August 2015, and has served as Executive Director since July 2020. Mr. Mikosch began his career in senior living while in high school, working in the Environmental Services and Maintenance departments of the nursing home and hospital of his hometown in southern Minnesota. While in college, he became a CNA and Certified Medication Aide and worked at a skilled nursing facility owned by the Evangelical Lutheran Good Samaritan Society. He completed his AIT program with the Good Samaritan Society and served as Administrator at Brentwood Good Samaritan Center in LeMars, Iowa and at Salem Lutheran Homes in Elk Horn, Iowa. A native of Minnesota, Mr. Mikosch graduated from Mankato State University in Mankato, Minnesota with a Bachelor's Degree in Open Studies with an emphasis in long-term administration and a Certificate of Study in Gerontology. He is a Florida licensed Nursing Home Administrator and Preceptor.

Sinai Residences and the Manager are presently looking for a new Associate Executive Director. In addition to Mr. Mikosch and the to-be-hired Associate Executive Director, the leadership team of Sinai Residences includes the following individuals:

**Jemely C. Lekston** is the Director of Nursing, overseeing the overall nursing administration and clinical operation for the Health Care Center in accordance with resident's needs, CMS regulations, and Corporation policies. She has over 15 years of experience in short-term care rehabilitation and long-term care. Ms. Lekston is a Board Certified Infection Preventionist, and she is responsible for ensuring the compliance of Sinai Residences' Infection Prevention and Antibiotic Stewardship Program. She implements Infection Control Policies and Procedures, in accordance set forth by AHCA and Center for Disease Control ("CDC"), and in collaboration with Florida Department of Health ("DOH"), in prevention, surveillance, and contact tracing of Covid-19 cases. She ensures compliance with AHCA and DOH reporting in regards of Covid-19 confirmed and suspected cases. As a director, she monitors practices of key nursing staff to ensure compliance with employment laws and Corporation policies to ensure practices that maintain high morale and staff retention, effective communication, and maintaining a positive work environment. She consults with the Executive Director and Associate Executive Director in formulating goals and objectives of clinical function in the Health Center. She continuously monitors the resident care and services to ensure that the highest level of care delivery is provided, in collaboration with the Interdisciplinary Team in the Skilled Nursing facility. She attended William Paterson University and received her degree as a Registered Nurse in Eastwick College of New Jersey. She is working towards a Master's Degree in Nursing Administration and Informatics Science at Western Governors University.

**Katie Mitchell** is the Financial Services Consultant, fulfilling the Director of Finance role for the Corporation. She joined the Sinai Residences leadership team in February 2019, and is responsible for financial reporting, oversight of the accounting department, and financial planning and analysis for Sinai Residences. Prior to joining the Corporation, Ms. Mitchell worked for LCS for over 15 years, where she held various positions, ending her time with them as the Director of Accounting and Financial Reporting for the CCRC portfolio. During her tenure with LCS she participated in oversight of the LCS' CCRC communities and was involved in many functions including: financial statement review, audit preparation, community level budgeting, onboarding of new clients, financial benchmarking & analysis, long term strategic planning, financial modeling, and hiring and training of both internal LCS staff and managed community accounting staff. She also participated in many working groups to roll out new financial systems and/or system functionality and implement new reporting related to changes in accounting guidance and/or regulations impacting the senior living industry to LCS managed communities. Through her role with LCS, Ms. Mitchell has worked closely with Sinai Residences since 2015. She graduated from Iowa State University with a double major in Accounting and Agricultural Business.

## Management Agreement

**Duties.** Pursuant to the terms of a management agreement with the Manager and the Corporation dated as of October 15, 2012 (the “**Original Management Agreement**”), the Manager is responsible for the management of the Independent Living Units, Health Care Center and non-clinical aspects of Sinai Residences, including staffing, accounting and general administrative services. The Original Management Agreement expires on August 31, 2020. In May 2020, the Corporation and the Manager entered into a new five-year management agreement effective as of September 1, 2020 (the “**Management Agreement**”).

Under the Management Agreement, the base management fee (the “**Monthly Management Fee**”) will equal 2.00% of monthly Revenues, as defined in the Management Agreement. For purposes of the Management Agreement, “Revenues” are defined as the revenue required to be recorded in accordance with Generally Accepted Accounting Principles (“**GAAP**”), excluding however, (i) any amounts received as entrance payments only if otherwise included in the definition of Revenue under GAAP, (ii) amortization income of resident entrance payments, (iii) charitable contributions made to the Corporation, from whatever source and whether bequests, gifts or similar donations to the Corporation, (iv) non-recurring revenue from the sale of naming rights; and (v) capital contributions and similar payments from CCRC Development, LLC or from the Federation, only if otherwise included in the definition of Revenue under GAAP.

The Management Agreement also provides for an addition performance incentive fee (the “**Performance Incentive Fee**”) equal to 1.50% of Revenues for every fiscal year (based on audited results) in which the Corporation’s Debt Service Coverage Ratio (“**DSCR**”) exceeds 1.20x. In calculating the DSCR for this purpose, the calculated Performance Incentive Fee shall be treated as paid and deducted as an operating expense for purposes of the calculations made under the Management Agreement. Approximately 60 days after the Corporation receives its annual audited financial statements for the prior fiscal year, the Performance Incentive Fee will be calculated, and, if due, will be billed, with payment due 15 days thereafter.

In addition to the above fees, the Manager will be paid an annual fee (the “**Application Service Provider Fee**”) for the use of the LCS accounting, payroll and billing technology. The Initial Application Service Provider Fee is \$16,250, and upon each anniversary of the Management Agreement, the annual Application Service Provider Fee will be adjusted by the same percentage as that used for the Monthly Management Fee.

In addition to the Management Agreement, in May 2020, the Corporation and the Manager entered into an Executive Director Agreement, which is effective as of September 1, 2020 (the “**Executive Director Agreement**”). Under the Executive Director Agreement, the Manager is obligated to hire an Executive Director and certain other administrators, with the salaries of those individuals to be established in the Corporation’s annual operating budget and to be paid from Sinai Residences’ revenues. The Executive Director Agreement requires the Manager to consult with the Corporation prior to hiring an Executive Director or Administrator, and it limits the ability of individuals hired to work at Sinai Residences from leaving Sinai Residences to work at certain other facilities managed by the Manger.

In addition to the fees described above, the Manager will be reimbursed for certain expenses identified in the Management Agreement and the Executive Director Agreement. All fees and reimbursements due to the Manager are current and there are no accrued but outstanding fees owed.

In order to protect the Corporation’s interest, while respecting LCS’s right to provide management services in the geographic market, the hereinafter defined Management Agreement states that the Manager or its affiliates shall not enter into an agreement to provide management services similar to those to be provided in the Management Agreement to a competing facility within the service area of the Corporation (the “**Service Area**”) without the Corporation’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Service Area includes the area bounded by the Atlantic Ocean to the East, the Everglades to the West, Commercial Boulevard to the South, and Lake Worth to the North.

Under recent amendments to Chapter 651, *Florida Statutes*, the Corporation must notify OIR in writing of any proposed change in the manager of Sinai Residences, and any contract with a management company entered into after July 1, 2019, must be in writing and include a provision that the contract will be canceled upon issuance of

an order by OIR for failure to comply with certain statutory requirements, and without the application of a cancellation fee or penalty.

## SINAI RESIDENCES

### Background and History

Ira M. Sheskin, Ph.D., Associate Professor in the Department of Geography and Regional Studies at the University of Miami conducted a demographic study of the Jewish community in South Palm Beach County for the Federation in 2005-2006 (the “**2005 Demographic Study**”). The intent of the 2005 Demographic Study was to collect extensive information on the Jewish population regarding a broad range of demographic, geographic, and religious characteristics.

The results of the 2005 Demographic Study indicated a large Jewish senior population with a significant number of Jewish households that meet the approximate income requirements for the Phase I Project. Based in part on the findings of the 2005 Jewish Demographic Study, in 2007, the Federation identified a need for a CCRC to serve the medical, residential and other care needs of an aging population in south Palm Beach County.

From 2007 to 2009, the Federation evaluated a number of alternatives for development of the Phase I Project and assembled a project team experienced in the development and financing of CCRCs. After several years of planning, the Phase I Project the Corporation completed construction in 2016. Residents commenced moving in beginning January 2016, and the final units became available for occupancy in October 2016.

### General

Common area features in the Phase I Project include several living areas, multiple distinct dining areas, a large multi-purpose center, a library, a business center and conference room, a bank, a gift shop, a mail room, an arts and crafts center, game and activity rooms, multiple resident lounges, roof gardens, and a wellness pavilion that includes a pool, exercise/fitness rooms, salon and spa, and a café, and various other community spaces. The Phase I Project includes attractive landscape features, including water features at the front drive, courtyards surrounded by residences and a central, hardscaped cortile surrounded by the resident dining and other common area amenities. The gross square footage of the Phase I Project is approximately 615,000 square feet, including an approximately 90,000 square-foot parking garage with 102 parking spaces, plus on-site surface parking.

The Existing Intendent Living Units became available for occupancy in January 2016 and largely occupied within six months, with 100% occupancy occurring 11 months after the opening of the Phase I Project. As of June 30, 2020, the Existing Independent Living Units in the Phase I Project are 97% occupied, the Assisted Units in the Phase I Project are 100% occupied, and the Memory Support Units in the Phase I Project are 100% occupied. As of June 30, 2020, there are 63 individuals on the waiting list for the Existing Independent Living Units. To be included on the waiting list, a proposed tenant must make a deposit equal to \$10,500.

<b>Fiscal Year</b>	<b>Independent Living Units Occupied</b>	<b>% of Units Occupied</b>	<b>Occupied and Reserved Independent Living Units</b>	<b>% of Occupied and Reserved Units</b>	<b>Wait List Deposits</b>
2020 <sup>(a)</sup>	220	94.0%	226	96.6%	61
2019	234	100.0%	234	100.0%	69
2018	234	100.0%	234	100.0%	59
2017	234	100.0%	234	100.0%	43
2016	211	90.2%	232	99.1%	8

(a) As of July 31, 2020. See “MANAGEMENT’S DISCUSSION OF FINANCIAL PERFORMANCE - Fiscal Quarter Ended May 31, 2020”



## Site Location

Sinai Residences is located on the Federation Campus, which is a secured property, with round-the-clock security staffing and monitored access. Sinai Residences functions independent of any other services or agencies located on the Federation campus, with the exception of shared access roads, security services and the provision of kosher meals (as may be requested by residents of Sinai Residences). However, entities affiliated with the Corporation provide certain support to Sinai Residences. See “**Shared Services – Reciprocal Easement Agreement**” herein.

Sinai Residences is approximately one-half mile east of U.S. Highway 441 (“**US 441**”), which provides access north to Palm Beach, Florida or south to Ft. Lauderdale and Miami, Florida. Interstate 95 runs parallel to US-441, and can be accessed approximately six miles northeast of Sinai Residences. Palm Tran provides bus service throughout Palm Beach County via 34 bus routes and a paratransit service for the disabled. The nearest bus stop is located approximately a quarter of a mile west of Sinai Residences. Sinai Residences is located approximately 31 miles from both Ft. Lauderdale International Airport and Palm Beach International Airport. West Boca Medical Center is a 195-bed acute care hospital that is located approximately 0.2 miles from Sinai Residences. Boca Raton Community Hospital, a 366-bed acute care hospital, and Delray Medical Center, a 465-bed acute care hospital, are each located within 11 miles of Sinai Residences. Several synagogues are located within three miles of Sinai Residences. Sinai Residences is located approximately five miles west of Town Center Mall at Boca Raton, which offers 25 restaurants and 220 stores, including Macy’s, Nordstrom, Bloomingdale’s, Saks Fifth Avenue and Neiman Marcus. There are several cultural and recreational activities within close proximity including the Boca Raton Museum of Art, the iPic Theater, Red Reef Park (which is a 67-acre ocean front park) and several public and private golf clubs.

The Primary Market Area (the “**PMA**”) for Sinai Residences is a 15-zip code area surrounding Sinai Residences, spanning approximately 17 miles from north to south and 14 miles from east to west. The estimated total population within the PMA is 417,911 and the total population within the PMA that is 75 or over is estimated to be 86,427. According to the United States Department of Housing and Urban Development, the median household income for the West Palm Beach-Boca Raton Metropolitan Statistical Area is \$79,100, compared with \$55,462 for the State and \$61,937 for the United States. For more information on the PMA, see “**FINANCIAL FEASIBILITY STUDY**” in Appendix C hereto.

## Shared Services – Reciprocal Easement Agreement

The Corporation, together with the Jewish Community Facilities Corporation (“**Facilities Corporation**”) and other affiliates of the Federation, entered into a Reciprocal Easement and Cost Sharing Agreement (the “**Easement Agreement**”) in connection with the Phase I Project, which will extend to the Phase II Expansion upon its completion. The Easement Agreement provides vehicle and pedestrian access to Sinai Residences across the Federation Campus. In addition, the Easement Agreement provides that Sinai Residences benefit from a number of services provided by Facilities Corporation and the Federation for the Federation Campus. These services include security services, maintenance of the roads on the Federation Campus, storm water management services, perimeter landscaping, fencing, signage and other amenities located on the Federation Campus. As a party to the Easement Agreement, the Corporation is and will be obligated to pay its share of the costs for the services provided by Facilities Corporation. Expenses incurred under the Easement Agreement are allocated primarily based upon the acreage owned by the parties that is subject to the Easement Agreement. Management of the Corporation has included its estimate of Sinai Residences’ share of the expenses under the Easement Agreement in the forecasts provided in the Financial Feasibility Study.

## Federation Campus Security

The Federation Campus is secured by an armed, experienced, and dedicated security team that operates 24 hours per day, with knowledge and awareness of the threats relating to the operation of a Jewish campus. Sinai Residences is located strategically in the center of the Federation Campus, which is gated on all sides and protected with a manned gatehouse. All visitors must check in at the gatehouse prior to entering the Federation Campus.

The Federation's security policies and procedures are reviewed periodically by the Palm Beach County Sheriff's Department, the Florida Department of Law Enforcement, and the Department of Homeland Security.

### Existing Independent Living Units

The Existing Independent Living Units include apartments with 14 separate floor plans. Residents of Existing Independent Living Units pay a one-time entrance fee (the "**Entrance Fee**") upon admission into Sinai Residences, the amount of which is based on the type of Independent Living Unit to be occupied and the Entrance Fee plan selected by the resident. An additional Entrance Fee is payable for a second resident occupying an Independent Living Unit. In addition to the Entrance Fee, each resident pays a monthly fee, based upon the unit size and amenities.

The following table summarizes the floor plan, type, number, approximate square footage, Entrance Fees and Monthly Service Fees for the Existing Independent Living Units.

<u>Floor Plan</u>	<u>Type</u>	<u>Number</u>	<u>Average Square footage</u>	<u>Average of 80% Refundable Entrance Fee</u>	<u>Average Monthly Fee</u>
Addison 1	1BR	21	788	\$467,738	\$3,670
Addison 2	1BR	2	804	482,000	3,670
Bellucia	1BR	3	836	515,400	4,110
Cloister 1	1BR	8	849	517,475	4,230
Cloister 2	1BR+1/2 bath	4	849	511,850	4,230
Colonnades 1	1BR+Den	29	981	572,700	4,660
Colonnades 2	1BR	3	1,055	618,133	4,660
Colonnades 3	1BR+Den	1	1,079	640,500	4,660
El Camino 1	2BR	30	1,070	634,157	4,770
El Camino 2	2BR	4	1,118	655,550	4,770
Floresta 1	2BR	29	1,129	658,659	4,900
Floresta 2	2BR	4	1,153	660,450	4,900
Floresta 3	2BR	5	1,144	667,260	4,900
Lagomar	2BR(1BR+Den Opt.)	17	1,207	715,612	5,220
Mirasol	2BR	19	1,225	755,853	5,460
Mizner	2BR	8	1,282	812,938	5,570
Rienta	El Camino+Lagomar	1	2,277	1,359,000	8,150
Ritz	Waldorf+Mirasol	1	3,206	1,923,800	9,360
Riviera	2BR	11	1,291	798,782	5,700
Solano	2BR+DEN	1	1,376	869,300	5,730
Tuscany	2BR	11	1,410	881,864	5,730
Vanderbilt	2BR+DEN	18	1,624	1,016,872	6,000
Villa Lante	Tuscany+ElCamino	1	2,480	1,488,200	8,550
Waldorf	2BR+Breakfast	3	1,981	1,201,200	6,600
<b>Total/Average</b>		<b>234</b>	<b>1,160</b>	<b>\$698,350</b>	<b>\$5,009</b>
<b>2<sup>nd</sup> Person</b>				<b>\$30,000</b>	<b>\$1,840</b>

### Entrance Fees and Monthly Service Fees

To reserve an Independent Living Unit, a prospective resident must execute a hereinafter defined Residency and Care Agreement, provide a disclosure of health and finances and make an initial payment equal to 10% of the Entrance Fee (the "**Reservation Deposit**"). The Reservation Deposit, plus any interest earnings actually earned on the Reservation Deposit, is 100% refundable if the Reservation Agreement is involuntarily terminated or

if terminated for voluntary reasons within 30 days from the date of the Reservation Agreement. If the resident terminates the Reservation Agreement for voluntary reasons after 30 days from the date of the Reservation Agreement, the Corporation will refund the Reservation Deposit plus any interest earnings actually earned on the Reservation Deposit less a forfeiture penalty equal to 2.00% of the Entrance Fee (20% of the Reservation Deposit). See **“RESERVATION AGREEMENTS”** for additional information.

Prior to taking occupancy, a prospective resident must execute a Residence and Care Agreement and pay the Entrance Fee. The prospective resident must pay the remaining 90% of the Entrance Fee not later than 60 days after the date that the Corporation sends written notice to the resident that the Independent Living Unit chosen is or will be ready for occupancy. See **“RESIDENCE AND CARE AGREEMENTS”** for additional information.

Residents also pay a Monthly Service Fee for the first resident in an Independent Living Unit (the **“Monthly Service Fee”**) for services provided by Sinai Residences, the amount of which depends on the type of Independent Living Unit selected by the resident. An additional Monthly Service Fee is payable for a second resident living in an Independent Living Unit.

### **Net Entrance Fees and Turnover**

Net Entrance Fee received and turnover for the Existing Independent Living Units for the Fiscal Years 2016–2020 is set forth below.

<u>Fiscal Year</u>	<u>Total Independent Living Units</u>	<u>Independent Living Unit Move Ins</u>	<u>Independent Living Unit Move Outs</u>	<u>Number of 10% Reservation Fees Received</u>	<u>Number of 10% Reservation Fees Cancelled</u>	<u>Net Entrance Fees Received</u>
2020 <sup>(a)</sup>	234	11	23	16	1	(\$2,259,770) <sup>(b)</sup>
2019	234	20	20	19	0	5,438,056
2018	234	19	19	19	0	5,988,450
2017	234	36	21	21	5	13,446,220
2016	234	220	1	73	75	129,995,944

(a) As of July 31, 2020

(b) Six depositors who made deposits by July 31, 2020 are expected to move in to Sinai Residences during August 2020, resulting in \$4,993,400 in Entrance Fee receipts

### **The Health Care Center**

Under the Residence and Care Agreement, the Corporation provides assisted living and nursing care services in the Health Care Center. See **“Health Care Benefit”** below for additional description of Sinai Residences’ life care benefit.

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The following table summarizes the type, number, approximate square footage, and the Monthly Service Fees for the Health Care Center:

<b>Health Care Center Configuration</b>				
	<b><u>Number of Units</u></b>	<b><u>Average Square Footage</u></b>	<b><u>Entrance Fee</u></b>	<b><u>Monthly Service Fee <sup>(1)(2)</sup></u></b>
Assisted Living Units				
One Bedroom	45	553	Not Applicable	\$5,735
Two Bedroom	3	827	Not applicable	6,935
Memory Support Units	24	312	Not applicable	7,790
Skilled Nursing Beds	60	308	Not applicable	
Medicare – Private Room				16,055
Private Pay – Private Room				13,444
Total	132			

(1) Residents who are temporarily or permanently transferred to the Health Care Center would continue to pay their Monthly Service Fee, plus the cost of two additional meals per day.

(2) In the case of double occupancy, should both residents transfer to the Health Care Center, the cost is to be equal to the first person's Monthly Service Fee plus two additional meals per day, plus the then current second person Monthly Service Fee and the cost of two additional meals for the second person.

### **Resident Fee Adjustments**

At any time, the Corporation may increase or decrease Monthly Service Fees upon 30 days written notice to the resident. Monthly Service Fee adjustments are in amounts necessary or appropriate, as determined by the Corporation, to meet the costs of operating Sinai Residences and providing the services under the Residence and Care Agreement, including the establishment and maintenance of reasonable cash reserves. The Corporation typically adjusts Entrance Fees, Monthly Service Fees, and per diem fees annually after review with the Manager and with approval by the Corporation. The following table shows historical rate increases at Sinai Residences.

<b><u>Year</u></b>	<b><u>Increase in Monthly Fee for Independent Living Units</u></b>	<b><u>Increase in Monthly Fee for Assisted Living and Memory Care Units</u></b>	<b><u>Increase in Monthly Fee for Skilled Nursing Units</u></b>	<b><u>Entrance Fees Increases</u></b>	<b><u>Entrance Fee Refund</u></b>
2020	3.85%	4.00%	4.00%	5.00%	80%
2019	4.00	4.00	8.97	0.00	85
2018	4.00	5.00	5.41	2.50	88
2017	6.00	Opening	Opening	5.00	90

### **Assisted Living Units and Memory Support Units**

The Phase I Project includes 48 Assisted Living Units and 24 Memory Support Units in a secured environment within the Health Care Center. The Assisted Living Units have been designed to foster the continued independence of persons who require varying amounts of assistance with activities of daily living. The Assisted Living Units are private apartments with kitchenettes (which include a sink and refrigerator) and full baths and are furnished with amenities similar to the Independent Living Units, but do not include the range/oven, microwave oven, dishwasher or washer and dryer. In addition, staff assists residents of Assisted Living Units with activities of daily living, such as dressing, eating, bathing, toileting, and ambulating, medication management, and nutritional assessment by a licensed dietician.

The common areas for the Assisted Living Units include a lobby, lounge, arts and crafts area, multipurpose room, library, dining room and administrative support areas. The common areas host regular activities for residents

of Assisted Living Units commensurate with their cognitive and physical abilities. There is a separate entrance, shared with the Health Care Center, from a parking area, to the Assisted Living Units and Memory Support Units, as well as internal access to and from the Independent Living Units.

The Memory Support Units are private suites with full baths that will be furnished with amenities similar to the Assisted Living Units, but without kitchenettes. The Memory Support Units have secured access and separate common areas, which include dining rooms, lounges, and activity spaces, plus a secured courtyard for outdoor activities. In addition, staff assists residents of the Memory Support Units with activities of daily living, such as dressing, eating, bathing, toileting, and ambulating, medication management, and nutritional assessment by a licensed dietician. The common areas host regular activities for residents of Memory Support Units commensurate with their cognitive and physical abilities.

### **Skilled Nursing Beds**

The Health Care Center also includes 60 private skilled nursing beds. The design of the nursing beds reflects the household model, which allows for a living arrangement in which all activities of daily living occur in a small-scaled environment. This delivery of care model features dedicated staff teams assigned to each of the two 30-bed neighborhoods which are each divided into two 15-bed households. The small-scaled environment and dedicated neighborhood staff are designed to provide more comfort and better care to the residents.

Direct admissions for the skilled nursing beds are restricted under the Certificate of Need rules and regulations of the State of Florida. Florida law allows access by individuals from the general community for a period of five years from opening. The Corporation has obtained Medicare certification for the skilled nursing beds. See “**Regulatory Permits and Approvals – Certificate of Need**” herein.

### **Source of Resident Service Revenue**

The table below sets forth the gross resident service revenues for all levels of care, net of contractual adjustments, for the Corporation by payor source for the Fiscal Years ended 2017 through 2019.

<b>Payor</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Private Pay – Independent Living	\$12,677,817	\$13,085,130	\$13,652,335
Private Pay – Assisted Living	1,274,200	3,247,693	3,208,200
Private Pay – Memory Care	936,199	1,793,673	1,978,324
Private Pay – Skilled Nursing	283,667	1,001,839	1,702,877
Medicare/Managed Care - Skilled Nursing	2,362,924	8,850,535	8,649,948
Other Revenues	29,000	28,500	32,500
Entrance Fee amortization	2,397,140	2,403,036	2,524,617
Contributions	-	-	300,683
Investment Income	<u>691,311</u>	<u>754,820</u>	<u>761,844</u>
<b>Total</b>	<b>\$20,652,257</b>	<b>\$31,165,226</b>	<b>\$32,811,328</b>

### **Services to Residents**

Upon payment in full of the Entrance Fee and ongoing payment of the Monthly Service Fee, each resident will be provided an Independent Living Unit and receive certain basic services. Sinai Residences offers residents an array of services including personal care, housekeeping, transportation, security, meals and spiritual, social, educational and activity programming. The services provided under the Residence and Care Agreements that are included in the Monthly Service Fee, or provided at an additional charge include the following:

***Independent Living Unit and Common Areas.*** The Corporation provides occupancy in the living unit selected by the resident, subject to provisions for changes in accommodations as provided in the Residence and Care Agreement. The Corporation will furnish the unit with the following items: carpeting, self-defrosting refrigerator and freezer with ice maker, range and oven, dishwasher, microwave oven, garbage disposal, washer, dryer, an

emergency call system and a telephone/data communications port. Any replacement or upgrading of such furnishings or appliances desired by the resident shall be at the resident's sole expense and will not be included in the Entrance Fee refund amount. Structural changes to any living unit or redecoration of any living unit, other than those undertaken by the Corporation, will require the written approval of the Corporation and, if approved by the Corporation, will be at the resident's expense. The Corporation provides common areas that include dining venues, a multipurpose room, sundry shop, mail room, bank, library, game rooms, public lounges and a fitness and wellness center.

***Health Care Services.*** The Corporation offers assisted living, skilled nursing and memory care services, as described herein. See “**RESIDENCE AND CARE AGREEMENT - Health Care Benefit**” below.

***Food and Meal Service.*** The Corporation offers table service in the main dining room, where three meals per day are available. In addition, other casual dining areas are also be available. Under the Preferred Choice Dining Program, each participating resident receives a monthly Dining Allocation to be applied toward dining charges in the dining areas.

***Housekeeping and Laundry Services.*** The Corporation provides weekly scheduled housekeeping services , including vacuuming, light housekeeping and laundry and changing of bed linens.

***Utilities.*** The Corporation provides sewer, water, waste disposal, electricity, heat and air-conditioning, and basic cable television services to residents at no additional cost. Living units are wired for cable television, telephone and data/communications with residents responsible for all telephone, premium cable television and internet service provider charges.

***Security and Emergency Alert Systems.*** Each Independent Living Unit is equipped with smoke detectors, a sprinkler system and an emergency alert system, which the Corporation monitors on a 24-hour basis. The Corporation coordinates emergency responses as appropriate.

***Maintenance.*** The Corporation causes all community common areas and grounds to be maintained and is responsible for providing repair, maintenance and replacement of furnishings provided in each residence, provided such repairs are not required as a result of the resident's negligence.

***Transportation.*** The Corporation provides local group transportation to designated shopping, social and cultural events, medical facilities, and other local destinations on a regularly scheduled basis.

***Valet and Parking.*** The Corporation provides valet services for parking. In addition, garage and covered parking spaces are assigned to each resident.

***Social and Recreational Programs.*** The Director of Community Life for Sinai Residences coordinates a variety of social, recreational, educational and cultural programs for those residents wishing to participate. Specific programs are based on residents' interests.

***Wellness Programming.*** The Corporation coordinates educational and screening programs promoting wellness and preventive health maintenance.

#### **Additional Services Available to Residents**

As a part of the Federation Campus, the residents of Sinai Residences have convenient access to a number of services provided by organizations located on the Federation Campus. Those services include:

***Kosher Meals.*** Residents may purchase kosher meals from the Jewish Association for Residential Care.

***Counseling.*** Psychiatric and grief counseling services are available to residents from Jewish Family Services.

**Adult Education.** Residents are able to enroll in special adult education programs tailored to the needs of the aging and elderly population offered by the Phyllis & Harvey Sandler Center for Jewish Life Enhancement.

**Family Services.** Family services, and educational and cultural programs for the Jewish community are available for interested residents through the Adolph & Rose Levis Jewish Community Center.

### **The Coronavirus Pandemic**

From the onset of the coronavirus pandemic, the Corporation has implemented all CDC and CMS mandated precautionary measures to screen employee and limit Corporation deliveries to specific locations, and the Corporation has been committed to adhering to CDC, AHCA, OIR, state and county-mandated and optional policies relating to senior living. Provided below are action steps the Corporation has taken to minimize exposure and protect the residents, guests and staff members of Sinai Residences:

- On March 13, 2020, the Corporation began screening all visitors for potential exposure to COVID-19, signs/symptoms and international travel.
- On March 13, 2020, the Corporation started temperature screening every employee and private duty personal service provider (“PSPs”) at four-hour intervals.
- On March 16, 2020, (i) the Health Care Center was closed to all visitors and (ii) the Health Care Center stopped taking admissions except for residents of Sinai Residences who had been hospitalized prior to March 16, 2020 and were cleared for discharge.
- On March 19, 2020, the Corporation required masks to be worn by all staff and PSPs.
- On April 9, 2020 the Corporation began providing masks to all residents in all levels of care and masks are mandatory for all staff, vendors and PSPs who enter Sinai Residences.
- Commencing in May, the Corporation restricted all access to the Health Care Center and Independent Living entrances to essential employees, care givers and vendors only and those entrances are staffed at all times. The Corporation checks symptoms on all persons entering Sinai Residences, including a questionnaire and twice-daily temperature checks of staff members.
- All mail and deliveries have been centralized to the main Independent Living and Health Care Center entrances at the Phase I Project, which includes any groceries, UPS, FedEx, Amazon, or USPS deliveries. Packages are disinfected and wiped down before entering the community.
- Any resident exhibiting respiratory symptoms is put on self-quarantine in their apartment and monitored daily by nursing staff.
- The Corporation has requested that residents do not leave the community unless it is medically necessary, and each external resident appointment is verified.
- The Corporation has secured all garages and entry is only allowed per Executive Director approval. Residents who leave the community are directed to wear a mask while off-site, and will be screened upon re-entry to the community.
- All individual therapy being provided to residents is being performed in the resident’s room on a one-on-one basis.
- No group therapy or concurrent therapy is being performed.
- All meals are delivered to their resident apartment or suites.
- The Corporation has cancelled all communal activities, outings, and events.
- The Corporation has removed communal space furniture to avoid gatherings.
- All meetings are being performed by in-house video system allows for activities such as Fitness Classes to be broadcasted to each apartment. Daily newscasts are provided by the Executive Director and Associate Executive Director.
- A mobile activity cart is brought around daily to residents with puzzles, art supplies, games for one, word searches, etc.
- Staff delivers a weekly gift to each resident’s home (e.g., small plant, lotion to help with constant handwashing, etc.)

- The Corporation has established a resident hotline to address questions or concerns residents may have. Community Convenience Store offerings have been expanded and restocked daily.
- Grocery and prescription deliveries and bank deposit services handled by Corporation employees, so residents do not need to leave the community.
- All consenting residents are tested for COVID-19 on a weekly basis.

As of August 1, 2020, Sinai Residences has experienced the following:

	Residents				Staff			
	<u>Total Cases</u>	<u>Current</u>	<u>Recovered</u>	<u>Death<sup>(a)</sup></u>	<u>Total Cases</u>	<u>Current</u>	<u>Recovered</u>	<u>Death</u>
Independent Living	3	0	2	1	13	0	13	0
Assisted Living	4	0	3	1	9	0	9	0
Skilled Nursing	6	0	4	2	18	3	15	0
Memory Care	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	15	0	10	5	40	3	37	0

(a) A number of these residents had significant underlying medical conditions prior to their COVID-19 diagnosis, but they were COVID-19 positive when they passed away, and are therefore counted as COVID-related deaths under current reporting standards.

Each infected resident was taken to a local hospital for treatment upon a positive test, and each of the infected employees have been prohibited from returning to Sinai Residences until they have been quarantined for at least 14 days and have thereafter tested negative for COVID-19. See “**MANAGEMENT’S DISCUSSION OF FINANCIAL PERFORMANCE - Fiscal Quarter Ended May 31, 2020**” below for a discussion of the economic impact the pandemic has had on Sinai Residences. See “**CERTAIN BONDHOLDERS’ RISKS – COVID-19**” in the front part of the Official Statement for additional discussion of potential Bondholder risks associated with the pandemic.

### Resident Profile

With respect to the Existing Independent Living Units, the average resident age is 88.5 years old, with 127 residents aged 90 and older. The average age of those who have placed deposits for the Phase II Expansion is 82.2 years old.

### RESERVATION AGREEMENTS

A prospective resident may reserve an Independent Living Unit at Sinai Residences by executing a Reservation Agreement and submitting payment of the deposit equal to \$10,500 (\$500 of which is a non-refundable administrative fee) for the Independent Living Unit selected in the Phase I Project or 10% of the Entrance Fee for the Independent Living Unit selected in the Phase II Expansion (a “**Reservation Deposit**”).

The execution of a Reservation Agreement does not constitute a binding commitment to establish occupancy at Sinai Residences on the part of any prospective resident. Prospective residents may terminate the Reservation Agreement under either a voluntary termination or involuntary termination. Termination is considered involuntary under any of the following circumstances: (i) the Corporation’s failure to meet its obligations under the Reservation Agreement, (ii) death, incapacity or serious illness of the resident that precludes the resident from taking occupancy, or (iii) other circumstances beyond the control of the resident. The Reservation Deposit is 100% refundable, plus, in the case of the Phase II Expansion, any interest earnings actually earned on the Reservation Deposit, if the Reservation Agreement is involuntarily terminated or if terminated for voluntary reasons within 30 days from the date of the Reservation Agreement. If the resident terminates the Reservation Agreement for voluntary reasons after 30 days from the date of the execution of the Reservation Agreement, the Corporation will refund the Reservation Deposit plus, in the case of a prospective Phase II Expansion resident, any interest earnings actually earned on the Reservation Deposit less a forfeiture penalty equal to two percent (2%) of the Entrance Fee



(20% of the Reservation Deposit). See “**RESIDENCE AND CARE AGREEMENTS - Termination of the Agreement and Refunds**” herein.

## **RESIDENCE AND CARE AGREEMENTS**

### **General**

Prior to a resident taking occupancy of their unit, the Corporation will enter into a “Residence and Care Agreement” with each prospective independent living resident, which sets forth the rights and obligations of the Corporation and the resident following the resident’s occupancy. The terms of such Residence and Care Agreements offered may change from time to time subject to compliance with applicable law, including review and approval of certain changes by the OIR. The Corporation has established a Reservation Deposit escrow account for all Reservation Deposits received prior to the authorized release of such Reservation Deposits in accordance with Chapter 651, *Florida Statutes*.

The Corporation will generally accept as residents persons 62 years of age or older who are capable of living independently as outlined in the Residence and Care Agreement and who have financial resources sufficient to pay the initial Reservation Deposit, Entrance Fee, the ongoing Monthly Service Fees and all other daily personal living expenses. The services provided at Sinai Residences and the related fees will be defined in the Residence and Care Agreement.

### **Entrance Fee Plan Options**

The Phase I Project has three Entrance Fee plans: (a) for select prospective residents currently on the waiting list, a partially refundable Entrance Fee plan, under which 85% of the Entrance Fee (subject to certain deductions) will be refunded to the resident upon termination; (b) for new prospective residents a partially refundable Entrance Fee plan, under which 80% of the Entrance Fee (subject to certain deductions) will be refunded to the resident upon termination; and (c) a fully amortizing Entrance Fee plan, for which the refundable amount due to the resident upon termination declines ratably over a period of time.

The Entrance Fee plans described in the immediately preceding paragraph will be available for prospective residents in the Phase II Expansion.

### **Termination of the Residence and Care Agreement and Refunds**

Prior to occupancy, termination provisions include: (i) residents’ right to terminate the Residence and Care Agreement, without penalty or forfeiture, within seven days of signing the Residence and Care Agreement; (ii) residents’ right to terminate the Residence and Care Agreement, without penalty or forfeiture (subject to certain adjustments), if resident is precluded from occupying the apartment due to death, injury, illness or other incapacity; and (iii) residents may terminate other than for reasons stated in (i) and (ii) above and will be entitled to a refund of the deposit or Entrance Fee paid less a processing fee of 2% of the entire Entrance Fee amount (20% of the Reservation Deposit), as required by Chapter 651, *Florida Statutes*.

Following occupancy, the Residence and Care Agreement may be terminated by the resident upon 30 days’ prior written notice. The Corporation may terminate the Residence and Care Agreement for certain reasons defined in the Residence and Care Agreement that give the Corporation good cause for termination. Refunds due to the resident following termination after occupancy is based on the Entrance Fee plan selected. In the case of the refundable Entrance Fee plans, the Entrance Fee refund shall be paid to the resident from the Entrance Fee paid after the right to a refund arises subject to the right of other former residents who previously acquired the right to a refund and in the case of the amortizing Entrance Fee plan, the Entrance Fee refund shall be paid within 90 days after the Residence and Care Agreement is canceled and the residence is vacated.

As of July 15, 2020, the Corporation is contractually obligated to make seven refunds payments, totaling \$4,679,810, to former residents or their estates, payable per the terms of the applicable Residence and Care Agreement. The payment of a refund obligation is only payable from the receipt of Entrance Fee proceeds from a new resident that executes a Residence and Care Agreement for an Existing Independent Living Unit. See

**“CERTAIN BONDHOLDERS’ RISKS – Potential Refund of Entrance Fees”** in the front part of the Official Statement.

### **Property Rights**

The Residence and Care Agreement will provide the resident with the right to receive services, with a contractual right of occupancy. Nothing contained in the Residence and Care Agreement shall be construed to create the relationship of landlord and tenant between the Corporation and the resident. The rights and privileges granted to the resident by the Residence and Care Agreement do not include any right, title, or interest in any part of the real or personal property, buildings and improvements owned, leased or administered by the Corporation.

### **Health Care Benefit**

Under the Residence and Care Agreement, Sinai Residences provides assisted living and nursing care services in the Health Care Center. The Monthly Service Fee for residents who transfer to the Health Care Center are based on the Entrance Fee plan selected.

Residents who are transferred to the Health Care Center will continue to pay their Monthly Service Fee plus the cost of two additional meals per day and other ancillary charges (the “Life Care Benefit”). In the case of double occupancy should both residents transfer to the Health Care Center, the cost is equal to the Life Care Benefit plus the second person Monthly Service Fee plus two additional meals per day. In the event the Assisted Living Units or the Skilled Nursing Beds are full, the Corporation will arrange for nursing care to be provided in another comparable health care facility at no additional cost to the resident until an appropriate unit in the Health Care Center is available for occupancy.

Residents requiring temporary care in the Health Care Center continue to pay the current Monthly Service Fee for their Independent Living Unit in addition to the applicable monthly or *per diem* rate in the Health Care Center.

### **Financial Policy Regarding Residents**

If a resident becomes unable to pay the Monthly Service Fee or any other charges required under the Residence and Care Agreement, and to the extent Medicare benefits or any other insurance benefits are not available or are not sufficient to cover the amounts due from the resident, the Corporation may reduce the refund on the Entrance Fee by any amounts due from the resident and may require the resident to move to a smaller or less expensive unit. The Corporation will not terminate the Residence and Care Agreement if, in its sole judgment, the resident’s inability to pay is not the result of negligent, willful or unreasonable dissipation of their assets and does not jeopardize the financial security of the Corporation or the Project’s other residents.

## **THE PHASE II EXPANSION**

### **Jewish Demographic Summary**

In 2018, the Federation commissioned the Cohen Center for Modern Jewish Studies at Brandeis University and the Steinhardt Social Research Institute of Brandeis University to perform an updated demographic study (the “**2018 Demographic Study**”). The 2018 Demographic Study determined that in 2018 the Jewish population of South Palm Beach County consisted of 134,200 adults and children living in 69,000 households, which constituted approximately 3% growth from 2005. The overall regional population grew by about 23% from 2000 to 2017 and by about 15% from 2010 to 2017. The 2018 Demographic Study noted that the community still has a significant population of retirees and senior citizens (ages 65 and up) but is getting younger and includes more families than it did in 2005. The number of children and non-Jewish residents living in South Palm Beach County Jewish households has also increased since 2005.

The 2018 Demographic Study concluded that the South Palm Beach County Jewish community is older than the US Jewish community as a whole. Compared to the national Jewish population, the local Jewish community has more seniors and fewer adults under age 50. The mean age of Jewish adults, based on the 2018 population

estimate, is 58, and the median is 61, older than the median age of Jewish adults nationally, 50. The mean age of all members of the South Palm Beach County Jewish population, including children, is 51 and the median age is 56. The 2018 Demographic Study noted that the Jewish community is getting younger, as the median age of the South Palm Beach County Jewish community in 2005 was 71. The 2018 Demographic Study also noted that the largest share of the adult Jewish population in 2018 was between ages 70-79 (29%), with another 15% over the age of 80.

While the authors of the 2018 Demographic Study did examine residents' views on their economic security, the authors were not asked to report on household income or household wealth, so that data was not collected.

In view of the continuous high occupancy of the Phase I Project and the findings of the 2018 Demographic Study, the Corporation saw both a demand and a need for additional independent living units and in 2018 began planning a second phase to complement the existing Sinai Residences. As presently conceived, the Phase II Expansion will include 111 independent living units and related facilities, personal care facilities, a resort style pool, a parking garage with approximately 78 parking spaces and 298 additional surface parking spaces to be available for the entire Sinai Residences community. The Phase II Expansion will be located on approximately 4.6 acres of land adjacent to the Phase I Project. The residents of the Phase II Expansion will have access to the resident amenities that are part of the Phase I Project.

### **Pre-Development Costs**

To fund a portion of the pre-development costs of Sinai Residences, the Corporation entered into a loan agreement with SunTrust Bank (now known as Truist) dated March 15, 2019, pursuant to which the Corporation secured an \$8.1 million draw down loan (the **"Pre-Development Loan"**), which will be repaid from proceeds of the Series 2020 Bonds. The Corporation used the proceeds of the Pre-Development Loan to fund expenses associated with the architectural design, marketing, sales, preliminary construction planning, and legal and accounting costs of the Phase II Expansion. The remainder of the pre-finance costs of approximately \$10,434,000 have been paid by the Corporation, approximately \$6,102,000 of which will be reimbursed by the Corporation at closing from the proceeds of the Series 2020 Bonds.

### **Land Acquisition**

The Phase II Expansion of Sinai Residences will be constructed upon an approximately 4.6-acre parcel of land located on the northern portion of the Federation Campus, immediately adjacent to the Phase I Project (the **"Phase II Expansion Site"** and together with the Phase I Project Site, the **"Project Site"**). The Phase II Expansion Site is located near the main entrance to the Federation Campus, within the secured area. The Phase II Expansion Site is currently owned by Facilities Corporation and will be gifted to the Corporation on or before the closing date of the financing for the Phase II Expansion. The current appraised value of value of the Phase II Expansion Site is approximately \$7.5 million.

### **Reservations**

The Corporation has marketed the Phase II Expansion to prospective residents through a phased marketing program, which included a mail survey and lead generation program, a "Friends Program," a "Priority Program" and currently, a reservation program. The Corporation began collecting Reservation Deposits for reservation of the New Independent Living Units in July 2019. Through August 12, 2020, the Corporation has collected 77 net Reservation Deposits from prospective residents who have executed a Reservation Agreement, reflecting an average of approximately nine net Reservation Deposits per month. The 77 reserved Independent Living Units represents approximately 69.4% of the total 111 available Independent Living Units in the Phase II Expansion. For a more detailed discussion of the Phase II Expansion Reservations, see **"FINANCIAL FEASIBILITY STUDY"** in Appendix C hereto

It is intended that the Phase II Expansion will implement an Entrance Fee model for all of its New Independent Living Units, as is used for the Existing Independent Living Units in the Phase I Project. The table below shows the planned number and approximate size of the New Independent Living Units, anticipated Entrance Fee levels and estimated Monthly Service Fees for the Phase II Expansion:

<u>Floor Plan</u>	<u>Type</u>	<u>Count of Floor Plan</u>	<u>Approximate Square Footage</u>	<u>Average of 80% Refundable</u>	<u>Average of Monthly Fee</u>
<b>Amalfi</b>	1 Br Deluxe	6	880	\$520,000	\$4,270
<b>Barcelona</b>	1 Br Den	14	1,000	633,571	4,620
<b>Bellagio</b>	1BR Ins Corner Den	1	1,300	792,000	5,180
<b>Corsica</b>	2BR Traditional	26	1,150	725,731	5,000
<b>Haifa</b>	2 Br Deluxe	16	1,215	762,250	5,180
<b>Ibiza</b>	1BR Ins Corner Den	3	1,440	830,000	5,500
<b>Ibiza</b>	2BR Ins Corner	8	1,440	843,125	5,500
<b>Ibiza</b>	2BR Ins Corner	1	1,440	845,000	5,500
<b>Lisbon</b>	2BR W/Optional Den	6	1,500	956,667	5,610
<b>Mallorca</b>	2BR W/Optional Den	20	1,550	1,048,000	5,710
<b>Positano</b>	2BR W/Optional Den	4	2,025	1,358,750	6,330
<b>Santorini</b>	2BR End W/ Den	3	2,370	1,586,667	7,480
<b>Tel Aviv</b>	2BR Outside Corner	2	2,500	1,695,000	8,520
<b>Valencia</b>	2BR Den Outside Corner	<u>1</u>	<u>3,200</u>	<u>2,105,000</u>	<u>10,280</u>
<b>Average/Total</b>		<b>111</b>	<b>1,357</b>	<b>\$867,721</b>	<b>\$5,381</b>

## Development

The estimated total development costs for the Phase II Expansion are as follows:

	<b>Pre-Closing</b>	<b>Closing and Post-Closing</b>
Land-Related Costs	\$59,146	\$24,286
In Kind Donation of Land	7,500,000	0
Direct Construction Costs	0	75,483,361
Indirect Construction Costs	8,305,091	3,667,369
Contingency	366,131	5,515,103
Design & Engineering Fees	3,062,558	2,426,443
Occupancy Development	1,964,700	2,035,300
Additional Soft Costs	1,874,344	2,047,110
Filing And Impact Fees	1,032,840	60,891
Development Fee (LCS-D)	1,689,311	4,420,332
Development Fee (JFSPBC)	0	5,000,000
Start-up Loss	0	1,472,685
Funded Interest	0	13,025,475
Financing Costs	179,760	3,288,399
Debt Service Reserve Fund	0	8,142,798
Coverage Support Fund	0	755,000
Reimbursement of Pre-Finance Equity	0	6,102,132
Refunding of Existing Debt	0	8,100,000
	<u>\$26,033,881</u>	<u>\$141,569,594</u>

The Corporation has engaged LCS Development, LLC (the “**Development Consultant**”) to provide development consulting services for the Phase II Expansion. The Development Consultant started in 1971 as a subsidiary of a Des Moines, Iowa-based general contractor, The Weitz Company, and is one of six companies comprising the LCS organization, including the Manager. The Development Consultant provides services for the development, expansion and repositioning of continuing care retirement communities and other senior living communities. The Development Consultant provides services for every phase of senior living development: planning, design, sales and construction. The Development Consultant helps build community occupancy, drive presales and conversion sales, manage buyer retention, assist with resident move-in, and develop marketing and sales budgets. Specifically, the Development Consultant provides the following services to its clients: market research; new development site selection and planning; team-building and planning; financial feasibility and modeling; analysis of financing alternatives; program development; long-range planning; construction management; design management; construction management site planning; comprehensive management of the development process; master planning services; occupancy development; and redevelopment. See “**CERTAIN BONDHOLDERS’ RISKS – Reliance on the Manager and the Developer**” in the front part of the Official Statement for a discussion of risks associated with using a third-party developer.

The Phase II Expansion is the Development Consultant’s second development engagement in Florida. A representative list of retirement communities for which the Development Consultant has provided development consulting services over the past five years includes the following:

<b>Project Name</b>	<b>Location</b>	<b>Total Development Cost</b>
Trillium Woods	Plymouth, MN	\$165,000,000
Timber Ridge II	Issaquah, WA	131,000,000
Heron’s Key at Gig Harbor	Gig Harbor, WA	163,500,000
Kingswood Retirement Living	Kansas City, MO	22,000,000
Laurel Crest	West Columbia, SC	27,500,000
The Delaney at Georgetown Village	Georgetown, TX	49,300,000
The Delaney at Lake Waco	Waco, TX	39,000,000
Dallas Retirement Village	Dallas, TX	50,000,000
The Delaney at Parkway Lakes	Katy, TX	51,200,000
The Delaney at South Shore Harbor	League City, TX	12,200,000
WhiteStone II	Greensboro, NC	287,200,000
The Heritage at Brentwood Village IV	Brentwood, TN	18,000,000
Blakehurst Senior Living Community II	Towson, MD	29,000,000
Broadview Senior Living at Purchase College	Purchase, NY	60,000,000
Burcham Hills Retirement Community	East Lansing, MI	60,000,000
Capital Manor	Salem, OR	69,000,000
Casa de las Campanas I, II, III	San Diego, CA	25,600,000
Cypress Glen Retirement Community II	Greenville, NC	30,000,000
Eastcastle Place	Milwaukee, WI	6,040,100
Friendship Village of Tempe	Tempe, AZ	215,000,000
Laurel Circle	Bridgewater, NJ	27,500,000
Riverwalk Residences of Las Olas	Ft. Lauderdale, FL	139,600,000
Rolling Green Village II	Greenville, NC	147,000,000
Sagewood III	Phoenix, AZ	106,700,000
The Delaney at Bridgewater	Bridgewater, NJ	80,000,000
The Delaney at Florham Park	Florham Park, NJ	200,000,000
Villaggio at San Luis Obispo	San Luis Obispo, CA	102,000,000
Westminster-Austin	Austin, TX	130,000,000
Wyndemere II	Wheaton, IL	20,000,000

## **Development Consulting Services Agreement**

### ***Duties***

The Corporation and the Development Consultant entered into the Development Consultant Agreement on March 5, 2018 as amended on December 20, 2018 (the “**Development Agreement**”), pursuant to which the Development Consultant has provided and will provide certain development and marketing services with respect to the Phase II Expansion.

The Development Agreement provides that the Development Consultant will provide (a) all necessary planning to implement the plan for development of the Phase II Expansion approved by the Corporation, including any revisions thereto, (b) detailed budgets for each phase of development activity, which are to be submitted for the Corporation’s approval, (c) assistance in obtaining all necessary governmental approvals required for development of the Phase II Expansion, (d) coordination, preparation and review of all design and construction plans and specifications by the Phase II Expansion’ architect and other design consultants, (e) development of a resident services program, (f) development and implementation of the marketing plan for the Phase II Expansion to prospective residents, (g) assistance in securing financing for the Phase II Expansion, (h) assistance in negotiating and awarding a construction contract for the Phase II Expansion, and thereafter monitoring the progress of construction, (i) assistance with marketing for the Phase II Expansion, (j) preparation of monthly project cost reports, and (k) providing the Corporation with all information and records to comply with filing and disclosure requirements.

Pursuant to the Development Agreement, the Corporation will exercise final authority on the following, among other matters related to the development of the Phase II Expansion, (a) selection and engagement of design professionals, engineering professionals and pre-construction consultants, (b) negotiation and execution of a design contract for preparation of plans and specifications, (c) approval of final working drawings, (d) execution of all commitments with respect to financing, (e) selection and engagement of contractors for construction, (f) negotiation and execution of construction contracts and (g) and final approval of all budgets for planning, development, construction and marketing prepared by the Development Consultant.

The Development Agreement has, as Appendix C thereto, a Development Plan that was prepared by the Development Consultant and sets forth the planning, development and financial parameters for the Phase II Expansion. The capital structure for the Phase II Expansion and the terms of financing for the Phase II Expansion are also reflected in the Development Plan. The Development Plan has been amended from time to time with the approval of the Corporation.

The Development Plan includes a Sales and Marketing Plan for the Phase II Expansion describing the staffing, procurement of goods and services, selection of vendors, timing and cost and the activities necessary to cause the Phase II Expansion to be occupied as contemplated by the Development Plan. The Development Consultant will work with third party advisors to the Corporation for the formulation of promotional, advertising and media campaigns for the Phase II Expansion. The Development Consultant is responsible for the recruiting, hiring, training and management of the `marketing staff and coordinates the design, construction and equipping of the information center for the Phase II Expansion.

### ***Compensation***

In consideration for the performance of its services as provided in the Development Agreement, the Corporation agreed to pay Development Consultant as compensation a Development Fee as set forth below. Any earned portions of the Development Fee will be due and payable within 10 days after receipt of invoices with respect to such fees.

The Development Fee will be a lump sum amount based upon 3.75% of the Capital Costs (as defined in the Development Agreement) for the Phase II Expansion. The anticipated maximum Capital Costs are not to exceed \$160,000,000. The Development Fee will be paid in 17 installments during the predevelopment and development phase.

The Development Consultant will also be paid an additional amount as a one-time incentive closing fee (the “**Incentive Fee**”), based upon timing of initial sale closings. The amount of the incentive fee shall be equal to one of the following, whichever is applicable: (i) \$500,000 for achieving initial closings of 90% of the units of the Phase II Expansion within seven months after the first date on which the Phase II Expansion is available for resident occupancy as mutually agreed by the Development Consultant and the Corporation (the “**Occupancy Availability Date**”), (ii) \$350,000 for achieving initial closings of 90% of the units of the Phase II Expansion within 10 months after the Occupancy Availability Date or (iii) \$200,000 for achieving initial closings of 90% of the units of the Phase II Expansion within 13 months after the Occupancy Availability Date. The Incentive Fee shall be paid within 30 days following the month of which 90% initial sales is achieved.

## **Design and Construction of the Phase II Expansion**

### ***The Architect and the Architect Services Agreement***

The Corporation has selected Leo A. Daly as the architect for the Phase II Expansion. The Architect is a Nebraska limited liability authorized to do business in Florida with ten offices worldwide including an office in West Palm Beach, Florida. The Corporation and the Architect entered into an AIA B-101, Standard Form of Agreement between Corporation and Architect on September 30, 2018 (the “A&E Agreement”).

The Architect has a diverse portfolio of projects in the following practice areas: Senior Living, Aviation, Health Care, Housing, Hotels, Higher Education, Primary and Secondary Education, Office Buildings, Urban Design, Corporate Interiors, Science and Technology, Cultural, Gaming and Entertainment, and Government. Founded in 1915 by Leo A. Daly, Sr., the Architect is consistently ranked among the top design firms in the world, with a portfolio that includes projects in more than nine countries, all 50 US states and the District of Columbia.

The A&E Agreement calls for the Architect to serve as the architect of record for the Phase II Expansion, and to lead the design of the Phase II Expansion from the schematic design phase through to the end of the construction administration phase. The A&E Agreement includes architectural services throughout the phases of: schematic design, design development, pre-guaranteed maximum price estimate, construction documents, final guaranteed maximum price and review of bids, and construction administration. Although the Architect, itself, will not be providing engineering services or consultancy, the A&E Agreement does include a covenant that the Architect will be responsible for retaining, supervising and coordinating the structural, mechanical, electrical, fire protection and other engineering consultancies, which will be hired by the Architect and whose services are included in the Architect’s Base Fee (defined below). Additional, non-essential engineering consultancies shall be also retained by the Architect, but at a mark-up rate of 10% of invoiced services. Although the Architect has also not agreed to provide post construction services as part of its Base Fee and Basic Services, the parties have agreed that any involvement by the Architect in all warranty work and/or project defect remediation shall be provided as Additional Work and charged to the Corporation at the Architect’s Additional Services charging rate. Lastly, the Architect will not provide onsite, day-to-day architectural site representation, but has agreed to provide an expected number of site visits monthly by its and its engineering consultancies to ensure harmony of the Architect’s program and services with that of the construction manager.

In exchange for these services, the Architect will be compensated on a lump sum basis of \$3,118,520 (the “Base Fee”). A schedule of additional services outside of the Architect’s services that are included in the lump sum payment are included in an hourly fee schedule within the A&E Agreement, which is based on the Architect’s normal hourly fees.

The A&E Agreement includes provisions concerning the use of the Architect’s Drawings and Specifications in the event the A&E Agreement is terminated, whether for convenience or for cause.

Both the Architect and the Corporation will be permitted to terminate the A&E Agreement, for cause or for convenience, after ten business days’ notice. In the event termination is not the fault of the Architect, the Architect shall be compensated for services performed prior to termination together with any reimbursable expenses and termination expenses directly attributable to the termination by the Corporation of which the Architect has not been compensated otherwise.

A representative list of retirement communities in Florida for which the Architect has provided architectural services over the past seven years includes the following:

<b>Project Name</b>	<b>Location</b>	<b>Estimated Project Value</b>
Your Life	Palm Beach Gardens	\$43,000,000
Your Life	Stuart	12,000,000
Your Life	Coconut Creek	13,000,000
Your Life	Tallahassee	11,000,000
Your Life	West Melbourne	12,000,000
Your Life	Coco Beach	12,000,000
Your Life	Wildwood	12,000,000
Allegro	Boynton Beach	20,000,000
Sawgrass Grand	Sunrise	15,000,000
VI Living	Naples	1,500,000
VI Living	Aventura	3,500,000
Cobblestone	Boca Raton	25,000,000
Water Way	Fort Lauderdale	35,000,000

### ***The Construction Manager and Construction Contract***

The Corporation has selected The Whiting-Turner Contracting Company (the “**Construction Manager**”) as Construction Manager for the Phase II Expansion, and will enter into a AIA® Document A133TM – 2009 Standard Form of Agreement Between Owner and Construction Manager as Constructor (the “**Construction Contract**”) with the Construction Manager prior to closing the financing for the Phase II Expansion. Based in Baltimore, Maryland, the Construction Manager has been in business since 1909. It is one of the nation’s largest construction management and general contracting companies, with over \$8.4 billion in revenue in 2018 and a bonding capacity of \$4 billion. The Construction Manager provides the full spectrum of construction services on projects small and large in markets such as retail, office, education, health care, life sciences, technology, transportation and utilities. Over the past ten years, the Construction Manager has worked on over 250 senior living projects with a total dollar value of more than \$1.8 billion comprising more than 20 million square feet. A representative list of retirement community projects with a contract value of more than \$10 million on which the Construction Manager has worked over the past five years includes the following:

<b>Project Name</b>	<b>City</b>	<b>State</b>	<b>Current Project Value</b>
Falcons Landing - Memory Care and Terrace Homes	Potomac Falls	VA	35,550,212
Artis Senior Living of Somers	Somers	NY	18,788,470
Woodlands at Reid Temple	Glenn Dale	MD	39,855,082
Ventana by Buckner	Dallas	TX	143,702,118
Alexandria Memory Care	Alexandria	VA	22,209,730
Northern Virginia's Puller Veteran's Care Center	Vint Hill	VA	61,221,337
Edgewood Retirement Community, Inc. - The Baldwin	Londonderry	NH	100,000,000
Red Run Station	Owings Mills	MD	11,000,000
Highland Springs- RB2.3 and Community Building	Dallas	TX	32,358,454
Ashby Ponds- Community Building 3.0 (Blue Ridge Club House)	Ashburn	VA	14,725,724
Ashby Ponds - Independent Living Building 3.2 (Hamilton Way)	Ashburn	VA	51,929,446
Eagle's Trace- RB2.3 and Commons Building	Houston	TX	43,972,596
Charlestown- Skilled Nursing Repositioning- Phase 2	Catonsville	MD	41,488,834
Ashby Ponds - Independent Living Building 3.3	Ashburn	VA	37,834,349
Windsor Run Retirement Community- RB1.3 (Phase 1B)	Matthews	NC	25,554,283
Lantern Hill Building 6	New	NJ	67,951,685
Eagle's Trace RB 2.2	Houston	TX	26,793,512
Highland Springs - CB 2.0 Magnolia Place	Dallas	TX	11,225,567
Highland Springs - RB 2.2	Dallas	TX	28,805,995



Project Name	City	State	Current Project Value
Lantern Hill Phase 2- Building 4	New	NJ	18,712,935
Ashby Ponds - Independent Living Building 2.5 (Birch Point) & 2.6	Ashburn	VA	48,893,329
Maris Grove- RB3.3	Glen Mills	PA	30,281,224
Oak Crest- Town Center Renovation	Parkville	MD	14,121,845
Windsor Run Retirement Community	Matthews	NC	65,240,759
Ashby Ponds - Independent Living Building	Ashburn	VA	35,367,652
Highland Springs	Dallas	TX	26,677,688
Charlestown- Caton Woods- New Assisted Living Building- Phase 1	Catonsville	MD	25,172,270
Ashby Ponds - Independent Living Building 2.3 (Magnolia Place)	Ashburn	VA	19,271,734
Maris Grove	Glen Mills	PA	43,331,593
Evergreen Village at Bloomington	Bloomington	IN	13,094,835
Goodwin Alexandria Small House	Alexandria	VA	39,152,777
Elizabeth House III	Silver Spring	MD	120,000,000
Westminster House	Baltimore	MD	19,949,208
Westminster at Lake Ridge - Westminster OnWard	Lake Ridge	VA	16,578,523
Ingleside at King Farm-Phase 1A Dining Expansion & Renovation	Rockville	MD	11,843,844
Ingleside at King Farm Phase 2 Expansion	Rockville	MD	112,454,057
Ingleside at Rock Creek Creekside	Washington	DC	130,281,383
H. Fletcher Brown Apartments Addition - DE	Wilmington	DE	10,311,944
Campus Repositioning & Expansion	Mechanicsburg	PA	57,815,237
The Tower at The Tradition II	West Palm	FL	69,933,441
Short Term Rehab. & Renovations	West Palm	FL	39,783,377
Roland Park Place - Expansion (Phase 2 - New Independent Living)	Baltimore	MD	41,072,333
Phase 1 Reposition and Expansion	Baltimore	MD	24,077,830
Brightview Rolling Hills	Catonsville	MD	19,151,267
Silverstone Alexandria	Alexandria	VA	66,603,307
Silverstone Rockville	Rockville	MD	45,982,488
HarborChase at Prince William Commons	Woodbridge	VA	30,264,218
Stella Maris Master Plan & Repositioning	Timonium	MD	25,130,399
Sunrise-McLean Assisted Living & Memory Care Building	McLean	VA	34,000,000
Sunrise Senior Living - Old Town Alexandria, VA	Alexandria	VA	35,127,915
Horizon Ridge Skilled Nursing and Rehabilitation Center	Henderson	NV	14,449,866
Vantage House - Repositioning & Expansion	Columbia	MD	11,720,650
Westminster Canterbury of Lynchburg Expansion and Renovation	Lynchburg	VA	41,702,463
Westminster-Canterbury Renovation & Addition	Virginia Beach	VA	30,977,354
The Summit-Retirement Community	Hockessin	DE	37,924,627

The Construction Contract has a stated fixed price amount of \$77,844,573, including the contractor's contingency and change order allowance. The Construction Contract and construction budget call for a contractor's contingency of \$1,589,451 and an owner's contingency of \$5,881,234. The Construction Manager began site work under an initial site work contract on January 30, 2020. The site work included site preparation, grading, and installation of utility ducts and cost approximately \$8,671,000 to date, which costs were paid for form proceeds of the Pre-Development Loan and Corporation equity.

The Construction Contract calls for the Construction Manager to achieve substantial completion of the Phase II Expansion by April 2022. The Construction Contract calls for liquidated damages of \$3,000 per calendar day for the first 60 days following the 30th calendar day after the scheduled completion date, \$6,000 per calendar day for the next 30 days thereafter and \$15,000 per calendar day for each day thereafter.

The Construction Manager is required to provide a payment bond and a performance bond including a dual obligee rider naming the Master Trustee as an additional insured. The amount of both the payment bond and the performance bond shall each be equal to the guaranteed maximum price. If the guaranteed maximum price is increased by change order(s), then the amount of the payment bond and the performance bond shall automatically increase to conform to the adjusted guaranteed maximum price.

The Construction Contract contains a provision addressing construction delays or cost overruns caused by the Coronavirus pandemic. In that provision, the Construction Manager acknowledges and agrees that impacts resulting from or related to COVID-19, including but not limited to acts of government, acts of public authorities, and any instances that may constitute a force majeure event, shall not be a basis for a Construction Manager to terminate or suspend the Construction Contract. Under the Construction Contract, the Construction Manager shall not permit any persons on the Phase II Expansion Site and shall immediately remove any persons from the Phase II Expansion Site if that person is diagnosed with, is suspected of having, or is suspected to have had direct contact with a person who has been diagnosed with COVID-19, and the Construction Manager shall immediately report any such incidents to the Corporation. The Construction Manager will be obligated to implement safe practices as recommended or mandated by Federal, State and Local governments and their agencies for preventing the spread of COVID-19, and the Construction Manager will submit such protocols to the Corporation and shall advise the Corporation in writing of any changes on the protocols. See “**CERTAIN BONDHOLDERS’ RISKS – Construction Risks**” in the front part of the Official Statement for a discussion of risks associated with using a third-party developer.

In the event that the Construction Manager incurs additional costs or is delayed as a result of COVID-19 impacts that are beyond the Construction Manager’s reasonable control in spite of using commercially reasonable efforts to avoid such impacts, the Construction Manager shall immediately notify the Corporation in writing of such impacts, shall provide a detailed explanation of such impacts and their effect on the contract sum and contract time, and work with the Corporation to propose and evaluate alternatives for mitigating the impacts while simultaneously continuing to complete construction. In the event that the parties are unable to agree upon alternatives for mitigating the impacts within seven days following the written notice from the Construction Manager to the Corporation, the Construction Manager may make a claim for an adjustment of the contract time and/or contract sum for such impacts that the Construction Manager demonstrates it has incurred and was unable to mitigate despite using commercially reasonable efforts, provided that the claim is submitted in accordance with and shall follow the requirements of change orders under the Construction Contract. The Construction Manager shall continue to prosecute the work on the Phase II Expansion while working with the Corporation on alternatives for mitigating the impacts and/or while prosecuting a claim.

The Construction Contract contains a standard one-year period for correction of work, which obligates the Construction manager to come back to the Phase II Expansion and correct any deficiencies that are discovered within one year following substantial completion. In addition, the Construction Contract contains a workmanship warranty that is not limited to one year. Instead, the timeline for bringing a claim for a breach of the workmanship warranty would be governed by Florida law relating to statutes of limitations and repose.

#### ***Owner’s Representative***

Robert Kimmel (age 36), the Capital Projects Manager for the Federation, has been designated as the Owner’s Representative in connection with the predevelopment and construction of the Phase II Expansion, and will carry out his duties as Owner’s Representative under the Phase II Development Agreement. Mr. Kimmel has been a Federation employee since April 2014, and he served as the construction manager for the Phase I Project. He is a Certified Project Management Professional with twelve years of experience as a Licensed Building Contractor and ten years of Project Management experience.

The Owner’s Representative is, and will be, providing the following services:

- Perform on-site observations of the progress and quality of the work as may be reasonably necessary to determine in general if the work is being performed in conformance with the plans and specifications and the Construction Contract (the “**Contract Documents**”) and shall notify the Corporation immediately if, in their opinion, the work does not conform to the Contract Documents or requires special inspection or testing.
- Monitor the Construction Manager’s construction schedules on an ongoing basis and alert the Corporation to conditions that may lead to delays in completion of the Phase II Expansion.
- Review requests for changes by the Construction Manager and submit them together with recommendations, to the Corporation.

- Observe tests required by the Contract Documents and review and report to the Corporation on test procedures and test results.
- Review the Construction Manager's schedule of values, request for information, proposal requests, and Change Orders and advise the Corporation regarding actions necessary to avoid delays in the progress of the Phase II Expansion.
- Assist the Architect in reviewing alternates, substitutions and value engineering suggestions and making recommendations to the Corporation for the Corporation's acceptance or rejections of said items.
- Based on observation of the work in place and evaluations of the Construction Manager's Application for Payment, inform the Architect and Corporation regarding the amounts due the Construction Manager.
- Assist the Corporation in the review, evaluation and documentation of claims in an effort to resolve disputes with the Construction Manager prior to impact on job progress.
- Participate in punch review process with the Architect; review in-place construction related to personalizations; and review the Corporation's operation and maintenance manuals, warranties and as-built drawings to advise the Corporation's operation's personnel during pre-opening phase.
- With the Architect and the Corporation's maintenance personnel, observe the Construction Manager's final (and for each phase of work) testing and start-up of utilities, operational systems and equipment.
- Following issuance of a Certificate of Substantial Completion of the Work or a designated portion thereof, evaluate the completion of the work of the Construction Manager and make recommendations to the Corporation and Architect when work is ready for final inspection.
- Maintain Corporation's files of all drawings, specifications, proposal requests, change orders, requests for information, supplemental instructions, submittals, manuals, product data, etc. related to the construction activities.

### **Construction Monitor**

The construction consulting firm of Alcala Construction Management, Inc. ("ALCALA CM"), a full-service national construction consulting company founded in 2007 that specializes in the senior living industry, is serving as construction monitor to review construction progress, quality, and contractor requisition requests on a monthly basis for the Phase II Expansion during the construction period. In addition, ALCALA CM has provided the pre-construction consulting services described in the next paragraph. ALCALA CM has developed unique and proprietary, industry-specific due-diligence, construction consulting and facility assessment services to fulfill financial institutions' requirements for start-up, expansion and renovation projects.

Prior to construction, ALCALA CM's responsibilities included conducting a review of the Phase II Expansion's scope, including engineering designs, project budgets, drawings, specifications, permits, construction contracts and fees, and issuing a final Pre-Construction Document Review Report.

During the construction process, ALCALA CM will be responsible for the following actions in connection with the construction of the Phase II Expansion: (i) reviewing and certifying all disbursement requests for the payment of expenses incurred for work, labor, materials and equipment furnished by or on behalf of the Construction Manager under the Construction Contract; and (ii) monitoring such items as change orders, budget amendments, updates to the construction schedule, releases of liens, governmental approvals and the final as-built survey.

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A representative list of ALCALA CM's project experience includes the following:

<b><u>Name of Project</u></b>	<b><u>Location</u></b>	<b><u>Year of Completion</u></b>	<b><u>Type of Project</u></b>
Farms at Bailey Station	Collierville, TN	2021	IL/AL/MC/SNF
River Tower	Norfolk, VA	2021	IL/AL/MC/SNF
Hillside Village	Keene, NH	2019	IL/AL/MC/SNF
The Memory Center Atlanta	Johns Creek, GA	2018	MC
Volterra at Champions Gate	Champions Gate, FL	2018	IL/AL/MC
Westminster of Dallas	Dallas, GA	2017	AL
Tuscan Isle Solivita	Poinciana, FL	2017	IL/AL/MC
John Knox Village Meadows	Lee's Summit, MO	2017	IL
Summer's Point AL	Winchester, IN	2016	MC
Kingswood Senior Living	Kansas City, MO	2017	IL/AL/MC
John Knox Village Courtyards	Lee's Summit, MO	2016	IL
McClellan Independent Living	Winchester, IN	2015	AL
Clemson Area RC	Clemson, SC	2014	AL/MC
Clare Oaks	Bartlett, IL	2012	IL/AL/MC/SNF
Columbia BV3 Senior Living	Columbus, GA	2012	IL
Galloway Ridge	Pittsboro, NC	2012	IL/AL/MC
Columbia MLK Villages	Atlanta, GA	2008	IL
The Meriter	Madison, WI	2008	IL/AL/MC/SNF
Querencia	Austin, TX	2007	IL/AL/MC
Bethany Village	Harrisburg, PA	2006	IL/AL/MC
Eagles Preserve S Villages	Fort Myers, FL	2006	IL
Harbors Edge	Norfolk, VA	2006	IL/AL/MC/SNF
Wesley Commons	Greenwood, SC	2006	IL/AL/MC/SNF
Devonshire	PBG, FL	2005	IL/AL/MC
Westminster Canterbury	Richmond, VA	2005	IL
Cypress Cove	Fort Myers, FL	2004	IL
La Posada	PBG, FL	2004	IL/AL/MC/SNF
Spring Harbor	Columbus, GA	2004	IL
Village at Penn State	State College, PA	2004	IL/AL/MC
Givens Estates	Asheville, NC	2003	IL/AL/MC
St. James Place	Baton Rouge, LA	2001	IL/AL/MC
Westminster Towers	Rock Hill, SC	2001	IL
Sunrise AL at Ivey Ridge	Alpharetta, GA	1998	AL
Sunrise AL at Decatur	Decatur, GA	1998	AL
Sunrise AL at East Cobb	Marietta, GA	1998	AL
Freedom Village Lakeside	Lantana, FL	1997	IL/AL/MC

### **Regulatory Permits and Approvals**

The various approvals and permits necessary in order for the Corporation to complete construction and commence operations of the Phase II Expansion are outlined below.

**Zoning.** Zoning approval for Sinai Residences was confirmed by the Palm Beach County Board of Commissioners in 2010 per Resolution number R-2010-1173. This Development Order Amendment (“**DOA**”) and Requested Use approval allows for development of Sinai Residences. On January 24, 2014, a site plan amendment was approved by the Palm Beach County Board of Commissioners as consistent with the proposed plat. Zoning and Plat approval for Phase II was confirmed on August 23, 2019 via Application Number DRO-2019-010898, Rainberry PUD – Pods A & B.

**Wetlands.** A modification to Environmental Resource Permit 50-03791-P for Sinai Residences of Boca Raton was issued by the South Florida Water Management District on December 12, 2013 to address some minor site alterations. According to the Prior Environmental Assessment (defined below) and the Updated Environmental Report (defined below), there are no designated wetlands on the Project Site. Therefore, there are no impacts or mitigation necessary for this permitted development.

**Building Permit.** Building permits will need to be issued by Palm Beach County, Florida for the structures proposed for the Phase II Expansion. The Building permit review is for code compliance and zoning conformance. Based on the approval process for the Phase I Project, the corporation believes it will be able to obtain Building Permits for the Phase II Expansion in time to commence construction in accordance with the proposed construction schedule. The Phase II building permit application has been submitted and is expected to be received in the near future.

**Plat Approval.** A plat approval is required identifying the Phase II Expansion as its own parcel. The Corporation has obtained plat approval through the Zoning Approval process for Phase II.

**Land Development Drainage Review.** This plan review process covers site drainage design and infrastructure. This review is conducted by Palm Beach County staff and was completed in April 2020.

**Water Utilities Department Plan Approval.** This plan review process covers the site potable water and sanitary sewer design and infrastructure. Approval was obtained in April 2020. Certain existing water easements on the Project Site are in the process of being released, and the Corporation expects that the Palm Beach County Board of Commissioners will approve vacating these easements at their next regularly scheduled meeting, presently scheduled for August 25, 2020.

**Florida Department of Environmental Protection (“FDEP”) Water and Sewer Permits.** The Palm Beach County Health Department reviews plans and issues permits on behalf of FDEP for construction of the potable water and sanitary sewer infrastructure. This review succeeds the Water Utilities Department review. Water Department Permits were submitted on October 17, 2019 and approval was granted in December 2019.

**South Florida Water Management District Environmental Resources Permit.** This permit is required for developments in the South Florida Water Management District that affect natural resources, primarily storm water discharge. The site already possesses the required permit and the amendment to the permit that was required for the current Sinai Residences site plan.

**Lake Worth Drainage District Permit.** This permit is required for developments within this District that affect discharge of storm water into its canals. Approval was obtained in February 2020.

## **Environmental Site Assessment and Subsurface Exploration**

A Phase I Environmental Site Assessment dated February 7, 2014 was prepared by Land Design South for the Phase I Project Site (the “**Prior Environmental Report**”). The Prior Environmental Report was based on review of federal, state and local records and physical inspection of the Phase I Project Site. No evidence of recognized environmental conditions in connection with the Phase I Project Site was noted. The Prior Environmental Report stated that no violations were identified on the applicable databases.

A Phase I Environmental Site Assessment dated July 22, 2020 was prepared by WGI, Inc. for the Phase I Project Site and the Phase II Expansion Site (the “**Updated Environmental Report**”). The Updated Environmental

Report was based on review of federal, state and local records and physical inspection of the Project Site. No evidence of recognized environmental conditions in connection with the Project Site was noted. The Updated Environmental Report stated that no violations were identified on the applicable databases.

In August 2018, Tierra South Florida, LLC, prepared a Subsurface Exploration and Geotechnical Engineering Analysis for the Phase II Expansion Site. The report was based on field investigation and laboratory analysis of 20 soil borings that were taken across the Phase II Expansion Site based on the anticipated location of the building footprint and paved areas. The findings indicate that there is a mix of soil types across the site. The recommended structural and foundation systems for the Phase II Expansion have been incorporated into the design for the Phase II Expansion.

## **FINANCIAL INFORMATION**

### **Prior Bonds**

The Corporation financed the Phase I Project with the proceeds of the Palm Beach County Health Facilities Authority Revenue Bonds (Sinai Residences of Boca Raton Project) Series 2014 A-D (the “**Series 2014 Bonds**”), in the original aggregate principal amount of \$213,785,000, of which, \$122,610,000 is outstanding as of August 1, 2020.

For the annual debt service requirements for the outstanding Series 2014 Bonds and the Series 2020 Bonds, see “**ANNUAL DEBT SERVICE REQUIREMENTS**” in the front part of this Official Statement.

The Series 2014 Bonds and the Series 2020 Bonds will be secured on a parity basis by obligations issued by the Corporation pursuant to the Master Indenture. See “**SECURITY FOR THE SERIES 2020 BONDS**” in the front part of this Official Statement.

### **Federation Subordinated Obligation**

Pursuant to the Master Indenture as amended by the Third Supplement, no payment of principal or interest shall be made on the Federation Subordinated Obligation unless the following conditions have been satisfied: (i) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (ii) after the proposed payment the Days’ Cash on Hand will not be less than 150 days based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Obligated Group is then in compliance with Chapter 651, *Florida Statutes*, as amended; and (iv) no Event of Default has occurred and is continuing under the Master Indenture. No payments have been made to date on the deferred portion of the Federation Subordinated Obligation.

### **Affiliate Payments**

The Corporation may not make payments to Affiliates, including the Federation, unless the following conditions are satisfied: (i) the Debt Service Coverage Ratio will not be less than 1.20 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (ii) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (iii) after the proposed payment the Days’ Cash on Hand will not be less than the Liquidity Requirement based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iv) the Obligated Group is then in compliance with Chapter 651, *Florida Statutes*, as amended; and (v) no Event of Default has occurred and is continuing under the Master Indenture.

### **Budgeting**

Management of the Corporation develops the budget in collaboration with department managers. Together, they analyze the current financial condition of the organization and establish assumptions for the next Fiscal Year’s

budget. Occupancy projections are developed for the remainder of the current Fiscal Year and into the next year based on current trends. Expense budgets are developed based on trends over the past Fiscal Year, current year-to-date expenditures and occupancy projections. Management uses input from employees and residents to evaluate the services that the Corporation provides to the residents. Corporation management also seeks input through advisory meetings with the Community Resident Association's Finance Committee. The Executive Director then presents the budget to the Corporation's Board for final approval. An annual budget update presentation is provided to residents that discusses financial trends, any Monthly Service Fee increase, and support for the increase through explanation of the next Fiscal Year's budget.

### **Minimum Liquidity Reserve; Investment Strategy**

Chapter 651 of the *Florida Statutes* requires additional accounts (the "**Minimum Liquidity Reserve**") to be maintained in a Continuing Care Escrow Fund, which are not subject to the lien of the Master Indenture, including:

(1) Statutory Debt Service Reserve Fund, as calculated to meet the "Debt Reserve Requirement" established by Florida Statute 651.035(2)(a) in an amount equal to the annual interest and principal of outstanding debt and property taxes. To the extent that a Statutory Debt Service Reserve Fund has been established, the Corporation is not required to fund an additional amount for interest and principal on the Series 2020 Bonds.

(2) Minimum Liquidity Reserve Fund, as calculated to meet the "Operating Reserve Requirement" established by Florida Statute 651.035(2)(c) in an amount equal to 15% of "Total Annual Operating Expenses", excluding, depreciation, amortization, interest, taxes, insurance and certain extraordinary expenses, as set forth in the annual report filed pursuant to Section 651.026, *Florida Statutes*. Total Annual Operating Expenses shall be determined by averaging the total annual operating expenses over the preceding three year period, as reported on the Corporation's annual report filing.

(3) Statutory Renewal and Replacement Fund, as calculated to meet the "Replacement Reserve Requirement" established by Florida Statute 651.035(2)(d) which will be maintained in an amount equal to 15 percent of the Community's accumulated depreciation, not to exceed 15 percent of its average operating expenses during the immediately preceding three-year period.

The Minimum Liquidity Reserve must be funded by cash, by invested cash, or by investment grade securities, including bonds, stocks, U.S. Treasury obligations, or obligations of U.S. government agencies. The Minimum Liquidity Reserve may only be released upon the submittal of a detailed request that must be approved by the OIR. This law provides security to residents that Sinai Residences is able to meet its contractual obligations to provide continuing care.

The Corporation's Minimum Liquidity Reserve is held at Northern Trust, and all funds are invested pursuant to a written investment agreement between Northern Trust and the Corporation, which calls for conservative investments consistent with the requirements of Chapter 651 of the *Florida Statutes*.

### **Paycheck Protection Program Loan**

In May 2020, the Corporation applied for and received a 2,344,600 loan (the "**PPP Loan**") pursuant to the United States Small Business Administration Paycheck Protection Loan program, created pursuant to Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-36 (the "**Program**"). Pursuant to the Program, the PPP Loan is an unsecured loan bearing interest at the rate of 1.0% per annum, with interest deferred for six months from the date of the PPP Loan and with all principal payable two years from the date of the Loan, but with such principal and interest to be forgiven in their entirety provided an amount equal to the Loan proceeds is applied in payment of certain payroll costs, interest on mortgages, rent, and utilities, during an eight-week forgiveness period from the date of the Loan, such that the conditions for forgiveness of the principal amount of the Loan and all accrued interest thereon would be satisfied and the Loan would be forgiven prior to the due date of any payment under the Loan. The Corporation has satisfied the forgiveness requirements under the Program, and anticipates receiving confirmation that its PPP Loan has been forgiven.

## **Financial Statements and Summary Financial Information**

The Corporation maintains its financial records on the basis of a fiscal year ending August 31. The audited financial statements of the Corporation and related footnote disclosures for the fiscal year ended August 31, 2019, together with the independent auditors' report thereon, are attached to the Official Statement as Appendix B. The following are summary statements of operations and changes in net assets of the Corporation for the years ended August 31, 2019, August 31, 2018 and August 31, 2017 which were derived from the Corporation's audited financial statements, as well as unaudited nine-month financial statements as of May 31, 2020 and May 31, 2019.

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## STATEMENTS OF FINANCIAL POSITION

	Audited 8/31/2017	Audited 8/31/2018	Audited 8/31/2019	Unaudited 5/31/2020	Unaudited 5/31/2019
<b>ASSETS</b>					
Cash and cash equivalents	\$2,469,917	\$5,577,794	\$5,580,417	\$3,457,496	\$5,345,712
Cash and cash equivalents - restricted	<u>6,055,665</u>	<u>3,934,032</u>	<u>8,935,103</u>	<u>12,618,069</u>	<u>4,870,327</u>
<b>Total cash and cash equivalents</b>	<b>\$8,525,582</b>	<b>\$9,511,826</b>	<b>\$14,515,520</b>	<b>\$16,075,565</b>	<b>\$10,216,039</b>
Accounts receivable	\$1,405,727	\$3,601,522	\$3,000,491	\$2,253,328	\$3,037,464
Unconditional promise to give - related party	-	-	300,000	-	-
Assets limited as to use	10,697,301	10,924,410	11,042,339	16,780,465	15,370,935
Investments, at fair value	32,354,289	25,787,550	23,939,461	17,370,219	20,809,343
Construction in progress	-	-	6,492,970	12,990,578	3,802,866
Property and equipment, net	194,350,996	191,648,664	187,216,889	183,130,282	187,726,575
Prepaid and other assets	1,290,744	1,758,280	1,464,351	1,107,006	2,256,623
Deferred costs, net	<u>6,986,738</u>	<u>6,220,088</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$255,611,377</b>	<b>\$249,452,340</b>	<b>\$247,972,021</b>	<b>\$249,707,443</b>	<b>\$243,219,844</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>					
Accounts payable and accrued liabilities	\$5,907,896	\$5,916,376	\$7,019,544	\$7,489,513	\$7,648,850
Reservation and other deposits	460,421	601,030	4,759,996	7,149,732	728,102
Deferred entrance fees, net	13,961,053	12,925,806	11,935,045	10,768,283	12,038,081
Refundable entrance fees	135,581,086	140,201,747	144,105,947	141,451,054	141,919,073
Due to related parties	2,024,988	2,024,988	2,024,860	2,024,860	2,024,860
PPP loan	-	-	-	2,344,600	-
Loan payable	-	-	5,348,676	8,100,000	4,268,713
Bonds payable, net	<u>119,207,064</u>	<u>119,360,448</u>	<u>119,596,198</u>	<u>119,711,236</u>	<u>119,475,486</u>
<b>TOTAL LIABILITIES</b>	<b>\$277,142,508</b>	<b>\$281,030,395</b>	<b>\$294,790,266</b>	<b>\$299,039,279</b>	<b>\$288,103,165</b>
<b>NET ASSETS (DEFICIT) – WITHOUT DONOR RESTRICTIONS</b>	<b><u>(\$21,531,131)</u></b>	<b><u>(\$31,578,055)</u></b>	<b><u>(\$46,818,245)</u></b>	<b><u>(\$49,331,836)</u></b>	<b><u>(\$44,883,322)</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$255,611,377</b>	<b>\$249,452,340</b>	<b>\$247,972,021</b>	<b>\$249,707,443</b>	<b>\$243,219,844</b>

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**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**

	<b>Audited Fiscal Year Ended 8/31/2017*</b>	<b>Audited Fiscal Year Ended 8/31/2018*</b>	<b>Audited Fiscal Year Ended 8/31/2019</b>	<b>Unaudited Nine Months Ended 5/31/2020</b>	<b>Unaudited Nine Months Ended 5/31/2019</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT):</b>					
<b>REVENUE:</b>					
Residential and health care services	\$17,534,806	\$27,978,870	\$29,191,684	\$21,541,891	\$21,829,922
Earned entrance fees	2,397,140	2,403,036	2,524,617	1,774,804	1,868,930
Investment income, net	691,311	754,820	761,844	936,816	444,404
Contribution income	-	-	300,683	5,100,000	683
Other income	29,000	28,500	32,500	7,500	22,000
<b>TOTAL REVENUE</b>	<b>\$20,652,257</b>	<b>\$31,165,226</b>	<b>\$32,811,328</b>	<b>\$29,361,012</b>	<b>\$24,165,939</b>
<b>EXPENSES:</b>					
Salaries and wages	\$7,906,373	\$9,860,533	\$10,171,603	\$7,511,155	\$7,622,957
Professional Services	3,434,055	5,171,118	5,535,016	3,722,279	4,249,055
Food and food supplies	2,146,497	2,374,590	2,279,660	1,807,729	1,673,326
Employee benefits	1,542,253	1,998,032	1,848,227	1,409,387	1,444,685
Utilities	1,353,444	1,363,623	1,484,750	1,212,027	1,072,149
Supplies	729,802	1,281,979	1,324,033	910,154	943,186
Maintenance and repair	437,283	633,937	659,688	572,301	477,329
Insurance	552,020	549,502	596,304	480,192	440,613
Other general and administrative expenses	549,046	434,623	549,783	393,290	413,200
Property and other taxes	704,776	776,397	876,434	679,050	633,612
Marketing expense - Phase II	-	-	1,259,334	479,793	755,636
Depreciation and amortization expense	5,746,098	6,758,297	6,015,156	4,629,010	4,493,943
Loss on disposal of fixed asset	-	-	1,062	-	-
Write off of bond issuance costs associated with bond repayment	2,513,431	-	-	-	-
Interest expense	8,253,334	9,274,164	9,356,529	6,924,388	6,925,799
Non-recurring expenses	1,589,641	324,317	886,875	1,143,850	105,628
<b>TOTAL EXPENSES</b>	<b>\$37,458,053</b>	<b>\$40,801,112</b>	<b>\$42,844,454</b>	<b>\$31,874,603</b>	<b>\$31,251,117</b>
Change in net assets without donor restrictions (deficit)	(16,805,796)	(9,635,887)	(10,033,126)	(2,513,591)	(7,085,178)
Unrealized gain (loss) in fair value of investments	(251,122)	(411,038)	1,013,024	-	-
Impact of change in accounting principle	-	-	(6,220,088)	-	(6,220,088)
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT) - BEGINNING</b>	<b>(\$4,474,213)</b>	<b>(\$21,531,131)</b>	<b>(\$31,578,055)</b>	<b>(\$46,818,245)</b>	<b>(\$31,578,055)</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT) - ENDING</b>	<b>(\$21,531,131)</b>	<b>(\$31,578,055)</b>	<b>(\$46,818,245)</b>	<b>(\$49,331,836)</b>	<b>(\$44,883,322)</b>

\* Certain operating expenses and investment income accounts for the years ended August 31, 2018 and 2017 have been reclassified to conform to the 2019 financial statement presentation. The reclassifications had no impact on the change in net assets without donor restrictions for the years ended August 31, 2018 and 2017.

## DEBT SERVICE COVERAGE RATIO

Under the provisions of the Master Indenture, the Corporation is required to report its Debt Service Coverage Ratio for each fiscal quarter, commencing with the fiscal quarter ending March 31, 2018. The following table sets forth the Corporation's Debt Service Coverage Ratio for the past two Fiscal Years, as calculated in accordance with the then-applicable methodology. For a discussion of the Corporation's Debt Service Coverage Ratio for the first three quarters of Fiscal Year 2020 see "MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE - Fiscal Quarters Ended May 31, 2020" below.

	Fiscal Year Ended August 31,		
	2018	2019	2019 <sup>(a)</sup> (Including Federation contribution)
Income Available for Debt Service	\$10,306,306	\$10,399,269	\$15,499,269
Maximum Annual Debt Service Requirement	\$10,299,800	\$10,299,800	\$10,299,800
Debt Service Coverage Ratio	1.00	1.01	1.50
Debt Service Coverage Ratio Requirements	1.10	1.20	1.20

(a) In December 2019, a \$5,100,000 contribution was received, increasing revenues that were includable in the calculation.

## DAYS CASH ON HAND

Under the provisions of the Master Indenture, the Corporation is required to report its Days Cash on Hand, for each fiscal quarter, commencing with the first Fiscal Quarter after stabilization of the Phase I Project. The following table sets forth the Corporation's Days Cash on Hand for the past two Fiscal Years, as calculated in accordance with the then-applicable methodology. For a discussion of the Corporation's Days Cash on Hand for the first three quarters of Fiscal Year 2020 see "MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE - Fiscal Quarters Ended May 31, 2020" below.

	Fiscal Year Ended August 31,		
	2018	2019	2019 <sup>(a)</sup> (Including Federation contribution)
Unrestricted Cash and Investments	\$45,097,039	\$33,671,638	\$38,771,638
Daily Cash Operating Expenses	\$93,268	\$94,376	\$94,376
Days Cash on Hand	484	357	411

(a) In December 2019, a \$5,100,000 contribution was received, increasing revenues that were includable in the calculation.

## MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

### Fiscal Quarters Ended May 31, 2020

For the three Fiscal Quarters ended May 31, 2020, Net Assets Without Donor Restrictions from Operations generated a deficit of \$2,513,591, as compared to \$7,085,178 for the same period in the prior Fiscal Year. Independent Living Unit occupancy averaged 98.02% for the Fiscal Year through Fiscal Quarter ended May 31, 2020. Move-ins totaled eight for the Fiscal Year to date ending May 31, 2020, against a budget of 20. Turnover totaled 17, resulting in net Entrance Fees of (\$2,046,850) for the Fiscal Year through May 31, 2020. The negative net Entrance Fees for the Fiscal Year to date is driven by six refund repayments, totaling \$3,607,750, triggered by unit closings that occurred in the last month of the prior Fiscal Year. Unrestricted Cash and Cash Equivalents and Investments decreased by \$8,692,163 for the Fiscal Year to date through May 31, 2020. The Corporation had 281.52

Days Cash on Hand at May 31, 2020. In December 2019, a \$5,100,000 contribution was received increasing revenues. The Debt Service Coverage Ratio was 1.09 as of May 31, 2020, largely as a result of the increased costs related to the COVID-19 pandemic and the inability to move in new Independent Living residents as a result of the COVID-19 pandemic. The Corporation expects to be in compliance with the Debt Service Coverage Ratio by the end of the Fiscal Year. The COVID-19 pandemic has had a material impact on the operations from March 2020 through May 31, 2020 and will continue to have a negative impact for the foreseeable future. As a result of COVID-19, clearing of vacated independent living units and subsequent resale of those units were delayed causing a drop in occupancy and sold units. The Corporation suspended all outside visitors including marketing prospects, which also contributed to a slowdown in sales. Subsequent to May 31, the Corporation put a process in place to allow new admissions to Independent Living and the Corporation is working on closing several of the open units prior to the end of the Fiscal Year. In addition, admissions into the higher levels of care were suspended for several weeks between March 13, 2020 and April 13, 2020. Due to increased COVID-19 cases in Palm Beach County, many elective surgeries were cancelled and people were reluctant to go to the hospitals during this time resulting in decreased referrals and significantly lower admissions to the Health Care Center than pre-COVID experience. Another suspension in admissions started July 3, 2020 due to positive COVID cases at Sinai Residences. All of this has had an adverse effect on occupancy, operating revenues, and net Entrance Fees received. These losses in revenues were offset by \$834,326 of Provider Relief Funds received through the CARES Act. The Corporation also applied for and was approved for a Paycheck Protection Program loan in the amount of \$2,344,600 in May 2020. No employees were furloughed or laid off during this time. Certain departmental staff were shifted to meet the needs of the community as new processes and procedures were implemented throughout the community related to the pandemic. During this time, there were also increased expenses related to PPE and other supplies purchased to keep staff and residents safe and to implement guidelines set forth by the CDC and other federal and state agencies.

#### **Fiscal Year Ended August 31, 2019**

For the Fiscal Year ended August 31, 2019, Net Assets Without Donor Restrictions from Operations generated a deficit of \$10,033,126. The decrease in Net Assets Without Donor Restrictions was greater by \$397,239 over the prior Fiscal Year. This was driven in part by \$1,259,334 of Expansion Project marketing expenses which would have been previously capitalized prior to the implementation of the updated FASB revenue recognition guidance outlined in ASC Topic 606. The remaining unamortized Phase I marketing expenses in the amount \$6,220,088 were also reversed against net assets in the Fiscal Year ended August 31, 2019. Independent Living Unit occupancy averaged 98.7% during the Fiscal Year ended August 31, 2019. Move-ins totaled 20 for the Fiscal Year ended August 31, 2019, against a budget of 28. Turnover totaled 20, maintaining the Independent Living's fully occupied status at the beginning and ending of the fiscal year. This resulted in net Entrance Fees of \$5,438,056 for the Fiscal Year ended August 31, 2019. Unrestricted Cash and Cash Equivalents and Investments decreased by \$1,845,466 for the Fiscal Year ended August 31, 2019. The average occupancy for the Fiscal Year for Assisted Living, Memory Care, and Health Care were 91.9%, 96.8%, and 95.2%, respectively. Service revenues increased by \$1,212,814 and operating expenses increased by \$881,163. There were non-recurring expenses of \$886,875 related to (i) the placement of a temporary generator to meet the State of Florida requirements while the permanent generator planning and installation occurred and (ii) legal expenses unrelated to operations.

#### **Fiscal Year Ended August 31, 2018**

For the Fiscal Year ended August 31, 2018, Net Assets Without Donor Restrictions from Operations generated a deficit of \$9,635,887. The decrease in Net Assets Without Donor Restrictions was an improvement of \$7,169,909 over the prior Fiscal Year. Independent Living Unit occupancy averaged 99.6% during the Fiscal Year ended August 31, 2018. Move-ins totaled 19 for the Fiscal Year ended August 31, 2018, against a budget of 26. Turnover totaled 19, maintaining the Independent Living's fully occupied status at the beginning and ending of the fiscal year. This resulted in net Entrance Fees of \$5,988,450 for the Fiscal Year ended August 31, 2018. Unrestricted Cash and Cash Equivalents and Investments decreased by \$3,458,862 for the Fiscal Year ended August 31, 2018. The average occupancy for the Fiscal Year for Assisted Living, Memory Care, and Health Care were 94.8%, 98.9%, and 85.6%, respectively. Service revenues increased by \$10,444,064 due to having all levels of care operational for the full year. Many operational expense categories increased for the same reason. The total increase in operating expenses totaled \$5,088,786 related to having the higher levels of care fully staffed for the full year, increased contracted services (the largest being therapy driven by growing Medicare census), and increased supplies being

used. There were non-recurring expenses for the Fiscal Year ended August 31, 2018 of \$324,317. These expenses included hurricane and final health care startup expenses.

#### **Fiscal Year Ended August 31, 2017**

For the Fiscal Year ended August 31, 2017, Net Assets Without Donor Restrictions from Operations generated a deficit of \$16,805,796. Independent Living Unit occupancy averaged 98.3% during the Fiscal Year ended August 31, 2017. Move-ins totaled 36 for the Fiscal Year ended August 31, 2017, against a budget of 27. Turnover totaled 21, for a net gain of 15 units, resulting in net Entrance Fees of \$13,446,220 for the Fiscal Year ended August 31, 2017. Unrestricted Cash and Cash Equivalents and Investments decreased by \$58,148,948 for the Fiscal Year ended August 31, 2017. The decrease in cash was mainly driven by the payment of the Series 2014B Bonds, Series 2014C Bonds, and Series 2014D-2 Bonds being paid with the proceeds in the Entrance Fee Redemption Account on September 1, 2016, well in advance of the original projected repayment due to the quicker than anticipated fill up of Independent Living. The Assisted Living, Memory Care, and Health Care opened in November 2016 of the Fiscal Year ended August 31, 2017. The average occupancies of these level of care for the fiscal year were 37.3%, 58.4%, and 27.6%, respectively. There were start up related expenses related to the opening of these level of care in the amount of \$1,589,641.

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**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS**

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**FEDERATION CCRC OPERATIONS CORP.  
(A WHOLLY OWNED SUBSIDIARY OF  
FEDERATION CCRC DEVELOPMENT, LLC)**

**FINANCIAL STATEMENTS**

Year Ended August 31, 2019



**Mayer Hoffman McCann P.C.**  
2255 Glades Road, Suite 321A ▪ Boca Raton, FL 33431  
Main: 561.994.5050 ▪ Fax: 561.241.0071 ▪ mhmcpa.com

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Federation CCRC Operations Corp.

We have audited the accompanying financial statements of Federation CCRC Operations Corp. (a wholly owned subsidiary of Federation CCRC Development, LLC) (the "Organization"), which comprise the statement of financial position as of August 31, 2019, and the related statement of operations and changes in net assets (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2019, and the results of its operations and changes in its net assets (deficit), and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Adoption of New Accounting Principles

As discussed in Note 1 to the financial statements, due to the adoption of Accounting Standards Codification Topic 606 and Accounting Standards Codification 340-40, the Organization changed its method of accounting for revenues from contracts with customers and other assets and deferred costs – contract with customers, effective September 1, 2018, under the modified retrospective approach. As a result, beginning net assets were reduced by \$6,220,088.

As discussed in Note 1 to the financial statements, the Organization has changed the presentation of net assets in the accompanying financial statements due to the adoption of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

Our opinion is not modified with respect to those matters.



Boca Raton, Florida  
December 20, 2019

**FEDERATION CCRC OPERATIONS CORP.**

**STATEMENT OF FINANCIAL POSITION**

August 31, 2019

**ASSETS**

Cash and cash equivalents	\$ 5,580,417
Cash and cash equivalents - restricted	<u>8,935,103</u>
Total cash and cash equivalents	14,515,520
Accounts receivable, net	3,000,491
Unconditional promise to give - related party	300,000
Assets limited as to use	11,042,339
Investments, at fair value (cost \$23,588,596)	23,939,461
Construction in progress - Sinai expansion project	6,492,970
Property and equipment, net	187,216,889
Prepaid and other assets	<u>1,464,351</u>
TOTAL ASSETS	<u>\$ 247,972,021</u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

Accounts payable and accrued liabilities	\$ 7,019,544
Reservation and other deposits	4,759,996
Deferred entrance fees, net	11,935,045
Refundable entrance fees	144,105,947
Due to related parties	2,024,860
Loan payable	5,348,676
Bonds payable, net	<u>119,596,198</u>
TOTAL LIABILITIES	294,790,266
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	<u>(46,818,245)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 247,972,021</u>

See Notes to Financial Statements

**FEDERATION CCRC OPERATIONS CORP.**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**

Year Ended August 31, 2019

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT):

REVENUE:

Residential and health care services	\$ 29,191,684
Earned entrance fees	2,524,617
Investment income, net	761,844
Contribution income	300,683
Other income	32,500
	<hr/>
Total revenue	32,811,328

EXPENSES:

Salaries and wages	10,171,603
Professional services	5,535,016
Food and food supplies	2,279,660
Employee benefits	1,848,227
Utilities	1,484,750
Supplies	1,324,033
Maintenance and repair	659,688
Insurance	596,304
Other general and administrative expenses	549,783
Property and other taxes	876,434
Marketing expense - Phase II	1,259,334
Depreciation and amortization expense	6,015,156
Interest expense	9,356,529
Loss on disposal of fixed asset	1,062
Non-recurring expenses	886,875
	<hr/>
Total expenses	42,844,454

Change in net assets without donor restrictions (deficit) from operations	(10,033,126)
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UNREALIZED APPRECIATION IN FAIR VALUE OF INVESTMENTS	1,013,024
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Change in net assets without donor restrictions (deficit)	(9,020,102)
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NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT) - beginning, as previously reported	(31,578,055)
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Impact of change in accounting principle	(6,220,088)
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NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT) - beginning, as adjusted	(37,798,143)
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NET ASSETS WITHOUT DONOR RESTRICTIONS (DEFICIT) - ending	\$ (46,818,245)
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See Notes to Financial Statements

**FEDERATION CCRC OPERATIONS CORP.**

**STATEMENT OF CASH FLOWS**

Year Ended August 31, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets (deficit)	\$ (9,020,102)
Adjustments to reconcile change in net assets (deficit) to net cash (used in) operating activities:	
Depreciation and amortization	6,015,156
Amortization of bond issuance costs and bond discount	235,750
Bad debt expense	120,000
Nonrefundable entrance fees received	1,695,843
Amortization of deferred entrance fees	(2,524,617)
Loss on disposal of fixed asset	1,062
Unrealized gain on investments	(1,013,024)
Change in operating assets and liabilities:	
Accounts receivable	481,031
Unconditional promise to give - related party	(300,000)
Assets limited as to use	(117,929)
Prepaid and other assets	290,077
Accounts payable and accrued liabilities	(435,373)
Reservation and other deposits	4,158,966
Net cash (used in) operating activities	<u>(413,160)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash paid for construction in progress - Sinai expansion project	(5,160,892)
Purchase of property and equipment	(1,378,679)
Purchase of investments	(28,909,016)
Proceeds from sale of investments	31,770,129
Proceeds from sale of property and equipment	4,423
Net cash (used in) investing activities	<u>(3,674,035)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from loan payable	5,348,676
Refundable entrance fees received	11,326,857
Refundable entrance fee refunded	(7,584,644)
Net cash provided by financing activities	<u>9,090,889</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,003,694
<b>CASH AND CASH EQUIVALENTS - beginning</b>	<u>9,511,826</u>
<b>CASH AND CASH EQUIVALENTS - ending</b>	<u><u>\$ 14,515,520</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash paid for interest, including capitalized interest of \$22,917	<u><u>\$ 9,143,697</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES</b>	
Construction in progress included in accounts payable and accrued liabilities	<u><u>\$ 1,538,413</u></u>

See Notes to Financial Statements

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 1 ) Nature of operations and summary of significant accounting policies

- A) General** – Federation CCRC Operations Corp. (“Operations Corp.” or the “Organization”) was formed in the State of Florida on March 25, 2010 for the construction, development, and operation of the Sinai Residences of Boca Raton – Continuing Care Retirement Community (the “CCRC”, “Sinai Residences”, or the “Project”), which provides housing, health care, and other related services to its residents. The Organization is a wholly owned subsidiary of Federation CCRC Development, LLC (the “LLC”).
- B) Cash and cash equivalents** – The Organization considers all liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Restricted cash and cash equivalents are included as part of cash and cash equivalents on the accompanying statement of cash flows.
- C) Accounts receivable and concentration** – Accounts receivable consists of amounts due from residents for monthly service fees and other ancillary services as well as amounts due from third party payors (Medicare and private insurance carriers). These services and fees are primarily due upon receipt of invoice. Accounts receivable where a third party coverage payor is responsible for paying the amount are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustment or discounts provided to third party payors.

Accounts receivable due directly from the residents are carried at the original charge for the service provided less amounts covered by third party payors and less an estimated allowance for doubtful accounts. Third party reimbursements is a complex process which involves submission of claims to multiple payors, each having its own claims requirements. In some cases collections from third parties can take several months. Management determines an allowance for doubtful accounts by reviewing the receivables on a monthly basis and identifying troubled accounts and an estimate of other potentially uncollectible accounts receivable. Accounts are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. As of August 31, 2019, the allowance for doubtful accounts was \$120,000.

The mix of receivables from residents and third party payors as of August 31, 2019 is as follows:

Medicare	\$	1,177,129
Private		1,136,721
Secondary insurance providers		693,661
Other third party vendors		112,980
		<hr/> 3,120,491
Allowance for doubtful accounts		(120,000)
		<hr/> <hr/> \$ 3,000,491

# FEDERATION CCRC OPERATIONS CORP.

## NOTES TO FINANCIAL STATEMENTS

### ( 1 ) Nature of operations and summary of significant accounting policies (continued)

- D) **Construction in progress** – Construction in progress (“CIP”) is recorded at cost. CIP primarily consists of construction costs incurred to develop the Sinai Expansion Project (Note 15). Construction related costs will be reclassified to property and equipment upon the assets being placed in service and receiving the Final Certificate of Occupancy. CIP in relation to the Sinai Expansion Project totaled \$6,492,970 at August 31, 2019.

The Organization capitalizes interest costs directly related to, and incurred during, the construction of the Sinai Expansion Project. Through August 31, 2019, approximately \$23,000 of interest has been capitalized.

- E) **Property and equipment** – Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Useful lives</u>
Land	-
Land development costs	-
Building	40 years
Major systems	25 - 40 years
Land improvements	15 years
Common area furniture	10 years
Other equipment	10 years
Building improvements	7 years
Equipment	5 years
Furniture/fixtures/flooring	5 years
Vehicles	5 years

All capital expenditures exceeding \$1,000 are capitalized.

Operations Corp. is required to record a liability for the fair value of an asset retirement obligation specific to certain legal environmental obligations such as asbestos, medical waste removal, and lead paint removal. The recording of a liability is required if such condition exists and the obligation can be reasonably estimated. As of August 31, 2019, Operations Corp. was unaware of any such obligation. Operations Corp. recognizes a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate the fair value.

- F) **Long-lived assets** – The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization assesses the recoverability of such assets by comparing the estimated undiscounted cash flows associated with the related asset or group of assets against their respective carrying amounts. The amount of impairment, if any, is calculated based on the excess of the carrying amount over the fair value of those assets. There were no such adjustments during the year ended August 31, 2019.



## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 1 ) Nature of operations and summary of significant accounting policies (continued)

- G) Income taxes** – The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, if any, is subject to Federal income tax. There was no unrelated business income during the year ended August 31, 2019.

Accounting principles generally accepted in the United States of America (“GAAP”) require the Organization’s management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

The Organization’s management has analyzed the tax positions taken by the Organization and has concluded that as of August 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization’s management believes it is no longer subject to income tax examinations for fiscal years prior to August 31, 2016.

- H) Advertising** – Advertising costs are expensed as incurred.

- I) Accounting estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

- J) Restricted cash and reservation and other deposits** – The Organization collects a 10% reservation deposit from applicants for future residence in the CCRC upon the signing of a reservation agreement. These amounts are maintained in an escrow account which is classified as restricted cash on the accompanying statement of financial position. Reservation and other deposits are to be applied towards the entrance fee of the applicant or refunded, as applicable. As of August 31, 2019, the CCRC independent living (“IL”) units are sold out, and there is a residence waiting list for future available IL units of sixty-nine (69). To be placed on the CCRC IL waiting list, a waiting list agreement is signed requiring a \$10,500 deposit, of which \$10,000 is placed in escrow to be applied towards the entrance fee of the applicant, or refunded, as applicable, and \$500 is not refundable and retained by the Organization as an offset to operational costs.

Approximately thirty days prior to a CCRC IL resident move in, IL residents are required to pay the remaining percentage balance due on their entrance fee to the Organization. The remaining entrance fee deposit, and the 10% reservation deposit, comprising a fully paid Initial Entrance Fee (“IEF”), are deposited into the Entrance Fee Escrow Account held by an escrow agent, and held for a seven-day period, then swept into the Organization’s operational cash account.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 1 ) Nature of operations and summary of significant accounting policies (continued)

##### J) **Restricted cash and reservation and other deposits (continued)**

On May 1, 2019, the Florida Office of Insurance Regulation (the "OIR"), approved the Application for the Expansion of a Continuing Care Retirement Community by the Organization d/b/a Toby & Leon Cooperman Sinai Residences of Boca Raton and Health Center at Sinai Residences (the "Sinai Expansion", Note 15). On July 8, 2019, the Organization began accepting 10% reservation deposits from applicants for future residence in the Sinai Expansion upon the signing of a reservation agreement.

Pursuant to OIR regulations, the Sinai Expansion entrance fee reservation deposits must be maintained in a separate escrow account from CCRC IL reservation deposits. As of August 31, 2019, there are forty-one (41) Sinai Expansion entrance fee deposits totaling \$4,048,750 and one (1) deposit in transit for \$61,000. These amounts are maintained in an escrow account included as restricted cash in the accompanying statement of financial position. Reservation and other deposits are to be applied towards the entrance fee of the applicant or refunded, as applicable.

Florida statutes require that the Organization maintains certain entrance fees, minimum liquidity reserve (as defined in the statutes) and a working capital reserve (as defined in the statutes) in escrow accounts. At August 31, 2019, such escrow balances were in conformity with statutory requirements.

##### K) **Entrance fees and deferred entrance fees and subsequent event** – The Organization operates under the "Life Care, or Continuing Care" concept in which residents enter into a residency and care agreement, which requires payment of a one-time entrance fee and monthly service fees. Entrance fees represent initial payments made by a resident of the CCRC in exchange for the use and amenities of the CCRC facilities for life or until termination of the agreement. Residents do not acquire an ownership interest in real estate or other property.

Upon the residents' occupancy, the refundable portion of entrance fees is recorded as a liability until such time as the agreement is terminated and a refund is paid. The non-refundable portion of the entrance fee is recorded as deferred entrance fees and amortized to income over the actuarially determined remaining life expectancy of the resident(s). The period of amortization is adjusted annually based on the actuarially determined estimated remaining life of the resident(s).

The Organization currently offers an entrance fee agreement in which residents may elect one of two refundable terms, one option being 85% (80% effective subsequent to September 1, 2019), and the traditional option (the traditional option has a declining refund over a four year period, with the minimum non-refundable portion equal to 50% of the initial entrance fee). The refundable amount is dependent upon the passage of time after the occupancy date until termination or cancellation of the contract in accordance with the terms of the contract.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 1 ) Nature of operations and summary of significant accounting policies (continued)

##### **K) Entrance fees and deferred entrance fees and subsequent event (continued)**

During the year ended August 31, 2019, the deferred entrance fees amortized into income totaled \$2,524,617.

##### **L) Obligation to provide future services** – On an annual basis, the Organization calculates the net present value of future revenues and the cost of providing future services and the use of facilities to current residents which is compared to the balance of deferred entrance fee revenue, allocable depreciation and unamortized costs of acquiring initial continuing care contracts. If this calculation produces an obligation, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

At August 31, 2019, there was no obligation as a result of the calculation.

##### **M) Residential services revenue** – Residential services revenue includes revenue earned through monthly rental and service fees and healthcare and related services. Monthly rental and service fee revenue is recognized in the month that residency units are occupied and services are provided. Revenue from healthcare and related services is recorded in the period as care is provided.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new authoritative guidance related to revenue recognition. This new revenue recognition guidance, as outlined in Accounting Standards Codification (“ASC”) Topic 606 *Revenue from Contracts with Customers* (“Topic 606”), provides a unified model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance allows for either full retrospective adoption or modified retrospective adoption.

ASC Topic 606 provides that an entity should apply a five-step approach for recognizing revenue, including (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation.

In addition, the FASB added a new subtopic to the codification, ASC 340-40, *Other Assets and Deferred Costs: Contract with Customers*, to address the accounting for costs incurred as part of obtaining or fulfilling a contract with customers.

The Organization adopted ASC Topic 606 and ASC 340-40 effective September 1, 2018, using the modified retrospective method.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 1 ) Nature of operations and summary of significant accounting policies (continued)**

**M) Residential services revenue (continued)**

Therefore, financial results for the year ended August 31, 2019 are presented under these new accounting standards. The Organization completed a study of the impact that implementing ASC Topic 606 and ASC 340-40 had on its financial statements as well as whether the effect would be material to the Organization's recorded revenue and costs to acquire a contract. As a result of this study, it was determined that ASC Topic 606 did not have a material effect on the Organization's revenue. It was further determined that due to the adoption of ASC 340-40, certain costs to acquire the initial contracts should be adjusted. As a result beginning net assets were reduced by \$6,220,088.

**N) Fair value measurements – FASB ASC 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date.**

FASB ASC 820 also establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Organization's assumptions (unobservable inputs).

The hierarchy consists of three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are either directly or indirectly observable; and

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable outputs.

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at August 31, 2019.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 1 ) Nature of operations and summary of significant accounting policies (continued)**

**N) Fair value measurements (continued)**

Investments within deposit with trustee - As disclosed in Note 3, the fair value of these assets has been measured in accordance with FASB ASC 820.

Corporate, government, and other bonds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Money market funds - Valued at the quoted Net Asset Value ("NAV") of shares held by the fund at year-end.

**O) Net assets** – GAAP requires that the Organization records contributions received as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Additionally, GAAP requires that the amounts for each class of net assets be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of operations. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restriction – Net assets available for general use and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Net assets at August 31, 2019 are generated from operations and are not subject to donor-imposed restrictions and as such are classified as net assets without donor restrictions on the accompanying statement of financial position and therefore there are no net assets with donor restrictions at August 31, 2019.

**P) Recently issued accounting pronouncements** – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance requires a dual approach for lessee accounting whereby a lessee will account for lease arrangements with terms greater than 12 months as either finance leases or operating leases. Both finance leases and operating leases will be recognized on the lessee's statement of financial position as right-of-use assets and corresponding lease liabilities, with differing methodologies for income statement recognition. In addition, the ASU requires expanded qualitative and quantitative disclosures about an entity's lease arrangements. Public entities (including nonprofit organizations with public debt) should apply this guidance for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 1 ) Nature of operations and summary of significant accounting policies (continued)

##### P) **Recently issued accounting pronouncements (continued)**

Early application is permitted upon issuance. A modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the financial statements. The Organization is currently evaluating the impact that this new accounting guidance will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This update changes the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The guidance was effective for not-for-profit organizations for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. In 2019, the Organization adopted ASU 2016-14 and adjusted the presentation of the accompanying financial statements, accordingly. The adoption added a presentation of functional expenses. The adoption had no other material impact on the accompanying consolidated financial statements.

**Q) Performance indicator** – For purposes of display, the excess (deficit) of revenues and gains over expenses and losses is the performance indicator for the Organization. Other changes in net assets without donor restrictions that are excluded from the performance indicator, consistent with industry practice, include unrecognized gains and losses on investments, and restricted contributions for long lived assets, if applicable. There were no material non-operating items during the year ended August 31, 2019.

**R) Loss contingencies** – The Organization has a policy for its professional liability insurance coverage. In the event a loss contingency should occur, the Organization would give it appropriate recognition in its financial statements.

#### ( 2 ) Liquidity and availability

The Organization regularly monitors liquidity to meet its operational needs and other commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, investments, and a draw-down loan.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing housing, health care, and other related services to the residents of the Sinai Residences, as well as the conduct of services undertaken to support those activities to be general expenditures. Restricted cash is not included in the analysis as it is not available to be used to meet the Organization's current operating needs.

# FEDERATION CCRC OPERATIONS CORP.

## NOTES TO FINANCIAL STATEMENTS

### ( 2 ) Liquidity and availability (continued)

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

The Organization had the following financial assets as of August 31, 2019 to meet general expenditures over the next 12 months:

Cash and cash equivalents	\$	5,580,417
Accounts receivable, net		3,000,491
Unconditional promise to give - related party		300,000
Investments, at fair value		23,939,461
	\$	<u>32,820,369</u>

### ( 3 ) Assets limited as to use

In conjunction with the Series 2014 bond issuance and in accordance with the bond indenture described in Note 6, the Organization is required to maintain certain funds with a third party trustee. The use of all funds required to be on deposit with the trustee is restricted in accordance with the bond indenture. The deposit with trustee at August 31, 2019 consists of the following:

Series 2014 bonds prefunded interest accounts	\$	629,690
Series 2014 bonds debt service reserve funds		<u>10,412,649</u>
	\$	<u>11,042,339</u>

The trustee with the consent of the Organization and in accordance with the bond indenture has invested the funds in guaranteed investment contracts with a financial institution and money market funds. The guaranteed investment contracts permit withdrawals to meet project funding needs. If not used, the contracts come to full term on various dates through June 2022. Guaranteed investment accounts bear interest rates ranging from 0.01% to 2.21% per annum.

The following table sets forth by level, within the fair value hierarchy, the Organization's deposit with trustee at fair value as of August 31, 2019:

Deposit with Trustee Fair Value Measurements as of August 31, 2019				
	Level 1	Level 2	Level 3	Total
Guaranteed investment contracts	\$ -	\$ 10,412,649	\$ -	\$ 10,412,649
Money market funds	629,690	-	-	629,690
	<u>\$ 629,690</u>	<u>\$ 10,412,649</u>	<u>\$ -</u>	<u>\$ 11,042,339</u>

# FEDERATION CCRC OPERATIONS CORP.

## NOTES TO FINANCIAL STATEMENTS

### ( 4 ) Investments

On September 7, 2016 the Organization signed an Investment Services Agreement with The Northern Trust Company ("Northern Trust"), to establish a low risk cash and fixed income investment portfolio. As of August 31, 2019, the balance of the Northern Trust investment portfolio was \$23,939,461.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of August 31, 2019:

Investments, at fair value Fair Value Measurements as of August 31, 2019				
	Level 1	Level 2	Level 3	Total
Government bonds	\$ -	\$ 6,984,372	\$ -	\$ 6,984,372
Corporate bonds - U.S.	-	10,419,456	-	10,419,456
Corporate bonds - foreign	-	1,990,345	-	1,990,345
Israel bonds	-	2,010,614	-	2,010,614
Money market funds	2,534,674	-	-	2,534,674
	<u>\$ 2,534,674</u>	<u>\$ 21,404,787</u>	<u>\$ -</u>	<u>\$ 23,939,461</u>

Investment income for the year ended August 31, 2019 consists of:

Interest income and realized gain, net of fees	\$ 761,844
Unrealized gain	<u>1,013,024</u>
	<u>\$ 1,774,868</u>

Investment expense totaled approximately \$56,000 for the year ended August 31, 2019.

### ( 5 ) Property and equipment

Property and equipment as of August 31, 2019 consists of:

Land	\$ 916,315
Land development costs	15,349,854
Building	166,023,743
Major systems	8,307,698
Land improvements	717,334
Common area furniture	4,236,146
Other equipment	4,418,253
Building improvements	1,302,665
Equipment	1,744,355
Furniture/fixtures/flooring	826,461
Vehicles	473,508
Construction in progress	<u>206,335</u>
	204,522,667
Less: accumulated depreciation	<u>(17,305,778)</u>
	<u>\$ 187,216,889</u>



**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 5 ) Property and equipment (continued)**

Depreciation expense for the fiscal year ended August 31, 2019 amounted to \$6,011,304. Depreciation on assets acquired under capital leases totaling approximately \$77,000 is included in depreciation expense. Accumulated depreciation on assets acquired under capital leases was approximately \$193,000 as of August 31, 2019.

**( 6 ) The Series 2014 Sinai Residences Bonds and subsequent events**

On May 20, 2014, the Organization, through the auspices of the Palm Beach County Health Facilities Authority (the "Authority"), issued two classes of revenue bonds in the amount of \$213,785,000 to finance and refinance the acquisition, construction, renovation and equipping of projects, for the Sinai Residences, within the jurisdiction of the County.

The Authority issued \$189,735,000 aggregate principal amount of its Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014, (collectively, the "Series 2014 Bonds"), consisting of three series as follows:

- \$120,735,000 principal amount of Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014A (the "Series 2014A Bonds");
- \$14,000,000 principal amount of Entrance Fee Principal Redemption Bonds (Sinai Residences of Boca Raton Project), Series 2014B (the "Series 2014B Bonds"); and
- \$55,000,000 principal amount of Entrance Fee Principal Redemption Bonds (Sinai Residences of Boca Raton Project), Series 2014C (the "Series 2014C Bonds").

The Series 2014 Bonds were issued pursuant to a resolution of the Authority adopted by the governing body of the Authority, and an Indenture of Trust dated as of May 1, 2014 (the "Bond Indenture" or "Master Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), together with other available money (including the proceeds of the Series 2014D Bonds), to (i) pay or reimburse the Jewish Federation of South Palm Beach County, Inc. (the "Federation"), the LLC, and the Organization, for the payment of the costs of acquiring, constructing and equipping of a continuing care retirement community, consisting of 234 independent living units, 48 assisted living units, 24 memory-support units and 60 skilled nursing beds, and common areas to be located on approximately 21 acres of land on the campus (the "Federation Campus") of the Federation in the County to be known as Sinai Residences of Boca Raton; (ii) refund all Series 2011 \$9,450,000 and Series 2013 \$2,900,000 Palm Beach County, Florida Bonds Anticipation Notes which were issued to finance the pre-development costs of the Project; (iii) fund a debt service reserve fund for the benefit of the holders of the Series 2014 Bonds; (iv) pay interest on the Series 2014 Bonds; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds. Pursuant to a loan agreement dated as of May 1, 2014 (the "Loan Agreement"), between the Authority and the Organization, the Authority lent the proceeds of the Series 2014 Bonds to the Organization and the Organization will agree to make loan payments at times and in amounts sufficient to pay principal, premium (if any) and interest on the Series 2014 Bonds.

# FEDERATION CCRC OPERATIONS CORP.

## NOTES TO FINANCIAL STATEMENTS

### ( 6 ) The Series 2014 Sinai Residences Bonds and subsequent events (continued)

Concurrently with the issuance of the Series 2014 Bonds, the Authority issued its (i) not to exceed \$3,050,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-1 (the "Series 2014D-1 Bonds") and (ii) not to exceed \$21,000,000 Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-2 (the "Series 2014D-2 Bonds" and collectively with the Series 2014D-1 Bonds, the "Series 2014D Bonds"). The Series 2014D Bonds are issued pursuant to the provisions of Chapter 154, Part III and Chapter 159, Part II, Florida Statutes, as amended (the "Act"), by the governing body of the Authority and a separate Indenture of Trust dated as of May 1, 2014 (the "Series 2014D Bond Indenture") between the Authority and U.S. Bank National Association, as bond trustee for the Series 2014D Bonds (the "Series 2014D Bond Trustee"). Pursuant to a loan agreement dated as of May 1, 2014 (the "Series 2014D Loan Agreement"), the Authority lent the proceeds of the Series 2014D Bonds to the Organization and the Organization agreed to make loan payments at times sufficient to pay principal, premium (if any) and interest on the Series 2014D Bonds. The Series 2014D Bonds are secured by a promissory note (the "Series 2014D Obligation") issued pursuant to the Master Indenture on a parity with all of the Series 2014 Obligations.

On September 1, 2016 the 2014 Series 2014B Bonds, Series 2014C Bonds, and Series 2014D-2 Bonds were paid with the proceeds in the Entrance Fee Redemption Account.

The following table summarizes the outstanding Series 2014 Bonds at August 31, 2019:

Maturity Date	Principal Amount	Rate	Yield	Price
Series A				
6/1/2024 \$	6,730,000	6.750 %	6.750 %	100.000
6/1/2025	1,630,000	6.800	6.800	100.000
6/1/2026	1,740,000	6.850	6.850	100.000
6/1/2029	5,980,000	7.000	7.000	100.000
6/1/2034	13,170,000	7.250	7.250	100.000
6/1/2039	8,330,000	7.250	7.375	98.578
6/1/2044	5,000,000	7.375	7.500	98.512
6/1/2049	78,155,000	7.500	7.625	98.476
Series D-1				
6/1/2049	3,050,000	7.500	7.625	98.474

Interest on the Series 2014 Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2014.

The Master Indenture relating to the Series 2014 Bonds, contains various financial and nonfinancial covenants, including a Debt Service Coverage Ratio ("DSCR") and a liquidity covenant.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 6 )    The Series 2014 Sinai Residences Bonds and subsequent events (continued)**

*DSCR Covenant:*

If the DSCR of the Organization for any calculation date is less than 1.20, the Organization, at its own expense, shall retain a consultant within 30 days following the calculation described herein to make recommendations with respect to the rates, fees and charges of the Organization's methods of operation and other factors affecting its financial condition in order to increase such DSCR to at least 1.20 for the following fiscal year. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. If the Organization fails to achieve a DSCR of 1.20, or 1.10 for the fiscal year described in the preceding paragraph above for a fiscal year, but did achieve a DSCR of at least 1.00 in the immediately preceding fiscal year or such calculation was not required, such failure shall not constitute an event of default under the Master Indenture if (i) the Organization takes all action necessary to prepare a report and adopt a correction plan and (ii) follows each recommendation contained in such report to the extent feasible as determined in the reasonable judgment of the Organization's Bond Trustee Representative and permitted by law. Failure by the Organization to comply with (i) or (ii) of the preceding sentence may become an Event of Default, with the giving of notice pursuant to the Master Indenture.

As of August 31, 2019 the calculated DSCR of the Organization was 1.00 after underwriter approved adjustments to the DSCR calculation for the year. Effective October 10, 2019, the Organization retained a third party consultant to make recommendations to improve the DSCR.

*The Liquidity Covenant:*

The Organization covenants that it will calculate the Days' Cash on Hand as defined by the Organization as of August 31 of each fiscal year. The Organization is required to deliver an Officer's Certificate setting forth such calculation of the Day's Cash on Hand to the Bond Trustee not less than 45 days after the end of the Fiscal Year.

The Organization is required to conduct its business so that on each August 31st Testing Date the Organization shall have no less than 180 Days' Cash on Hand (the "Liquidity Requirement").

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 6 ) The Series 2014 Sinai Residences Bonds and subsequent events (continued)

The maturities of all of the Series 2014 bonds as of August 31, 2019 are as follows:

Fiscal Years Ending August 31,	
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	<u>123,785,000</u>
Bonds payable	123,785,000
Less: Bond issuance and underwriting costs	(3,010,781)
Less: Bond discount	<u>(1,178,021)</u>
	<u>\$ 119,596,198</u>

Bond issuance and underwriting costs and the bond discount are accreted to interest expense at the applicable bond effective interest rate.

All property and equipment is subject to a security interest issued to the bondholders through a master indenture of trust arrangement.

#### ( 7 ) Federation financial support to the Sinai Residences

To effectuate the purposes for which it was formed, on March 1, 2014, a Development Agreement (the "Development Agreement") was signed by the Organization and the Federation, for the Federation to provide various CCRC development services in connection with the development of the CCRC Project.

In consideration of the performance by the Federation, of the development services described in the Development Agreement, and the Federation continuing to provide support staff and services to the Organization, the Organization agreed to pay the Federation \$14 million at closing, comprised of a development fee of \$1,000,000 (the "Development Fee") and \$13,000,000 as consideration for (i) the land on which the CCRC is being constructed, which land was previously transferred to Federation CCRC Property Corp. ("Property Corp") in January 2011 from the Federation's Land, Building and Equipment Fund, at a carrying value of \$916,315. Property Corp. was merged into the Organization on May 15, 2014 pursuant to the Articles of Merger of Property Corp. with the Organization, as approved by the Federation and the LLC on May 8, 2014; (ii) the Federation providing certain liquidity support to Operations Corp. as additional security for the permanent financing for the Project.

## **FEDERATION CCRC OPERATIONS CORP.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **( 7 ) Federation financial support to the Sinai Residences (continued)**

At closing, the Federation used the \$14 million cash proceeds as follows: (i) \$2,000,000 was loaned to the Organization (the "Deferred Portion"), (ii) \$11,000,000 was used to provide liquidity support for the Project, and (iii) contingent future payment due to the Federation totaling \$1,000,000 payable after certain Project related milestones are reached and which the Federation will use for its own charitable purposes.

The Development Fee and the Deferred Portion will be paid pursuant to a subordinate, promissory note (the "Federation Subordinated Obligation") initially in the amount of \$3,000,000 issued at issuance of the Series 2014 Bonds (\$2,000,000 funded at closing and \$1,000,000 contingent upon meeting certain financial milestones). Any amounts advanced by the Federation pursuant to the Liquidity Support Agreement (the "LSA"), will be added to the principal amount of the Federation Subordinated Obligation. The Federation Subordinated Obligation will accrue interest at 4.0% per annum on the outstanding principal balance of the Federation Subordinated Obligation and the amount of unpaid accrued interest will not exceed the then outstanding principal balance of the Federation Subordinated Obligation.

No payment of principal or interest shall be made on the Federation Subordinated Obligation unless the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, and the Series 2014D-2 Bonds have been paid in full; (ii) the Sinai Residences average DSCR is not less than 1.35 for the preceding twelve months, and the DSCR will not be less than 1.20 based on the written statement of the accountant calculating the DSCR on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding fiscal year; (iii) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (iv) after the proposed payment, the Days' Cash on Hand will not be less than 200, based on the written statement of the accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding fiscal year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 90%; (vi) the Independent Living Units, the Assisted Living Units, the Memory-Support Units, and the Skilled Nursing Beds that are part of the Project, collectively, have had an average occupancy for the preceding six months of not less than 85%; (vii) the Obligated Group, which at August 31, 2019 consisted only of the Organization, is then in compliance with Chapter 651, Florida Statutes, as amended; and (viii) no Event of Default has occurred and is continuing under the Master Indenture.

#### **( 8 ) The Liquidity Support Agreement**

The Organization, the Federation, and the Master Trustee entered into the LSA upon the issuance of the Series 2014 Bonds, for the Federation to provide liquidity support to the Organization in the initial aggregate amount of \$11,000,000. Any amounts advanced by the Federation will be added to the principal amount of the Federation Subordinated Obligation.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 8 ) **The Liquidity Support Agreement (continued)**

Pursuant to the LSA, at issuance of the Series 2014 Bonds, the Federation deposited \$6,000,000 (the "Initial Deposit Amount") with the Master Trustee to be held in the Liquidity Support Fund. Money from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven days of receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative to the effect that such monies are needed to pay (a) operating expenses of the Obligated Group, (b) the costs of completing the Project, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group (excluding Subordinated Indebtedness), including without limitation, the Series 2014 Obligations, other than with respect to the Series 2014D-2 Bonds. Amounts on deposit in the Liquidity Support Fund may not be used to pay principal or interest on the Series 2014D-2 Bonds.

The Initial Deposit Amount will be reduced to zero, and any balance in the Liquidity Support Fund will be paid to the Federation upon satisfaction of the following conditions: (i) the Series 2014B Bonds, the Series 2014C Bonds, and the Series 2014D-2 Bonds have been paid in full; (ii) the Obligated Group has achieved an average DSCR of not less than 1.30 for the preceding eighteen months; (iii) the Obligated Group has had at least an average of 200 Days' Cash on Hand for the preceding eighteen months; (iv) the Independent Living Units that are part of the Project have had an average occupancy for the preceding eighteen months of not less than 90%; (v) the Independent Living Units, the Assisted Living Units, the Memory-Support Units, and the Skilled Nursing Beds that are part of the Project collectively have had an average occupancy for the preceding twelve months of not less than 85%; (vi) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (vii) the Obligated Group is then in compliance with Chapter 651, Florida Statutes, as amended, and the closure of the Liquidity Support Fund would not cause the Obligated Group to not be in compliance with Chapter 651, Florida Statutes, as amended; and (viii) there is no Event of Default under the Master Indenture, the applicable Bond Indenture and the applicable Loan Agreement. If all tests other than (iii) above have been satisfied for eight consecutive fiscal quarters, the Organization may request the Master Trustee to transfer to the Organization money from the Liquidity Support Fund sufficient to satisfy (iii) above and the balance remaining therein shall be disbursed to the Liquidity Support Provider and the Liquidity Support Fund will be closed.

#### ( 9 ) **CCRC commitment, contingencies, and subsequent events**

The Federation is not liable for payment of principal or interest on the Series 2014A Bonds, or the 2014D-1 Bonds except as provided in the LSA and the Series D Support Agreement. The Federation has no legal or moral obligation with respect to payment of costs of the Project, and has no obligation to advance funds to Operations Corp. except as provided in the LSA and the Series D Support Agreement.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 9 )    CCRC commitment, contingencies, and subsequent events (continued)**

On March 2, 2014, Suffolk Construction Company (the “Contractor”), entered into a Construction Agreement (“Contract”) with the Organization for the construction of the Project.

According to the Contract, the Contractor was obligated to achieve substantial completion of the Project no later than November 30, 2015. However, during the initial stages of construction, certain structural design issues were identified resulting in design changes and construction time delays, additional materials and labor required for the Project.

The Project was substantially completed and a Final Certificate of Occupancy was issued on October 14, 2016. During and post construction of the Project, various issues arose between the Organization, its design professionals, the Contractor, and various subcontractors who performed work on the Project.

The Organization, due to the Contractor’s inability to obtain and reach substantial completion of the Project as agreed to in the Change Directive, incurred additional costs of approximately \$1 million directly associated with the costs of temporary housing and maintenance of prospective IL residents that did not have their Independent Living Units available for occupancy in accordance with an IL resident’s move-in plan and dates.

On March 15, 2017 the Organization and the Contractor reached an Equitable Adjustment Claim Change Order Agreement (the “Claim Agreement”), that provided a full and final settlement for the Contractor’s claims against the Organization relating to all additional construction delay costs due to structural design deficiencies related to the Project, and all claims by the Contractor for additional General Conditions and General Requirements costs to complete the Project, other than any issues related to HVAC system issues. The Organization agreed to waive all claims against the Contractor for liquidated damages arising from or in connection with the Contractor’s failure to achieve substantial completion of the Project according to the Construction Agreement.

As part of the Claim Agreement, the Organization agreed to pay the Contractor the amount of \$2.8 million. The Organization, as of August 31, 2019 has paid the Contractor \$2 million per the Claim Agreement, with the remaining \$800,000 less applicable subcontractor payments made on behalf of the Contractor, payable to the Contractor within 15 days of the culmination date (through settlement or judgment or other adjudication), of the Organization’s claims against Perkins Eastman Architects, P.C. (the “Architect”), which is included in accounts payable and accrued liabilities as of August 31, 2019.

Excluded from the Claim Agreement are three Contractor Proposed Change Orders (“PCO”) totaling \$2.5 million relating to the acceleration of construction to complete the Project and HVAC start-up issues. The Organization and the Contractor have agreed to negotiate settlement of the three Contractor PCO’s subsequent to settlement of the Organization’s structural claims against the Architect. During negotiations, the Contractor, on April 6, 2018, filed an action against the Organization in the Circuit Court of Palm Beach County on the three Contractor PCO claims that were not released in the Claim Agreement totaling \$2.5 million and immediate payment of the remaining \$800,000 in the Claim Agreement, even though the condition precedent has not occurred.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 9 ) CCRC commitment, contingencies, and subsequent events (continued)**

On June 11, 2018 the Organization filed an Answer and Counterclaim against the Contractor in the Circuit Court of Palm Beach County, asserting and claiming as a result of the Contractor's contractual breaches, the Organization incurred costs and damages including the relocating of residents, costs to clean units and property of residents, engineering costs to commission, test and balance the HVAC systems and equipment, exceeding \$1 million. The Project and the Organization have ample cash reserves to address additional costs associated with the three outstanding Contractor PCO's.

The Organization has retained construction legal counsel, and intends to recover from the Architect any and all costs associated with the PCO structural delays, and any additional construction costs due to identified structural and engineering design issues, and has notified the Architect and the Architect's legal counsel of this intent.

On July 18, 2017 the Organization filed a Complaint in the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida, for the failure of the Architect and its engineering consultant to completely design a world-class state-of-the-art continuing care retirement community (Sinai Residences) in Boca Raton, Florida, causing massive cost overruns and delays during construction of the Project.

The Organization's claim is for breach of contract and professional malpractice. The Architect and its engineering design sub-consultant, failed to meet the standard of care in the design of the structural concrete portions of the Project and the HVAC system, causing the Organization significant cost overruns in the construction of the Project. On June 12, 2014, the Architect provided a letter to the Organization acknowledging a material structural design error by its engineering consultant that could result in constructability issues, requiring further review and correction ahead of the construction process.

As a result of the structural design error, the Contractor and its subcontractors were forced to materially delay construction of the Project and incur significant additional construction costs subsequent to being provided with the revised structural construction documents by the Architect and its engineering consultant that resulted in the issuance of Contractor PCO's for additional costs to complete construction of the Project.

As a result of the Architect's and its engineering consultant's alleged negligence, the Organization has incurred substantial monetary damages, costs and expenses in an amount estimated in excess of \$7,000,000 and is seeking reimbursement of all such costs at trial, or at contractually mandated mediation prior to trial.

On July 26, 2018 the Organization filed a Motion to Transfer and Consolidate the Contractor's Complaint with the July 18, 2017 Complaint in the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida, for the failure of the Architect and its engineering consultant to completely design a world-class state-of-the-art continuing care retirement community. The Motion to Transfer and Consolidate was unopposed by the Architect and the Contractor, but is pending approval by the Court.



**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 9 ) CCRC commitment, contingencies, and subsequent events (continued)**

On March 19, 2019, at mediation, the Organization reached a Mediation Settlement Agreement (the "Agreement"), with the Contractor, that was subsequently amended and signed on August 28, 2019. Per the Agreement, the Organization agreed to pay the Contractor \$1.754 million in full payment of the three outstanding Contractor PCO's totaling \$2.5 million relating to the acceleration of construction to complete the Project and HVAC start-up issues, with \$255,000 contingent on the Organization's recovery against the Architect.

As part of the Agreement, for payment of the Claim Agreement, the Organization paid the Contractor \$500,000 on August 29, 2019, and upon the 19<sup>th</sup> Hole construction repair completion date, the CCRC will pay \$174,233 as full satisfaction of the balance due the Contractor pursuant to the Claim Agreement; the Project construction PCO claim was settled for \$455,000; with \$200,000 to be paid upon completion of the 19<sup>th</sup> Hole repair construction work, and the remaining \$255,000 within five-days of and contingent upon the CCRC's culmination of claims against the Architect and the Architect's design professionals (provided the CCRC recovers at least \$2.75 million from the Architect through settlement or judgment excluding HVAC related claims). In addition, CCRC will pay \$625,000 for settlement of the Project PCO claim upon the construction of the Green Roofs and 19<sup>th</sup> Hole (the "GR/19<sup>th</sup>").

The Contractor has agreed to commence the 19<sup>th</sup> Hole construction repair work within 14-days of agreeing to repair protocol with the Organization and issuance of uninterrupted construction permits for the 19<sup>th</sup> Hole construction repair work to ensure that the 19<sup>th</sup> Hole construction repair work start date will be no later than October 31, 2019, and agreed to complete the 19<sup>th</sup> Hole construction repair work by February 29, 2020.

The Contractor agreed that if it does not complete the 19<sup>th</sup> Hole construction repair work by the completion date, the Contractor agreed to pay the Organization as liquidated damages the sum of \$1,000 per day for the first 15-days, and \$1,500 per day after the first 15-days until the 19<sup>th</sup> Hole construction repair work is completed.

The Organization and the Contractor agreed to work in good faith to agree upon the Green Roof work repair protocol prior to completion of the 19<sup>th</sup> Hole construction repair work. The Contractor agreed to commence the Green Roof work within thirty-days of the (i) completion of the 19<sup>th</sup> Hole construction repair work; (ii) issuance of all permits for the project to commence the Green Roof work; and (iii) the receipt of the insurance proceeds from the Contractor and its sub-contractors insurance carriers to undertake the Green Roof work. The Contractor has also agreed that the Green Roof work will commence no later than October 31, 2021, regardless of the status of its insurance claims. The Contractor shall complete the Green Roof work within twelve-months of mobilization. Within ten days of the Contractor's completion of the Green Roof work, subject to the satisfaction of the Organization's expert, the Organization will pay the balance of the GR/19<sup>th</sup> Hole Settlement Amount of \$400,000.

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 9 ) CCRC commitment, contingencies, and subsequent events (continued)**

The Organization and Contractor agreed to enter into a Joint Defense/Joint Prosecution Agreement in order to prosecute and defend claims against the Architect and design professionals including the HVAC claims that are not waived by the Agreement in the Organization's claim, or the Contractors litigation, and will file a Motion to consolidate the Contractor's claim into the Organization's claim within thirty days of the execution of the Agreement. The Contractor and the Organization agreed that the Contractors HVAC claims are pass-through claims as against the Architect. The pass-through claims are those claims and amounts being sought by the Contractor and/or its subcontractors against the Organization related to the HVAC systems failures.

The Contractor agreed to release any and all claims against the Organization related to the HVAC claims that are not recovered as against the Architect, and the Organization agreed to cooperate and provide assistance as required by the Contractor to prosecute and defend the HVAC claims against the Architect, and claims that have or may be asserted by the Contractor against the Contractor's subcontractors and insurance carriers pertaining to the GR/19<sup>th</sup> Hole and HVAC work. It is the responsibility of the Contractor to undertake the lead in the defense and prosecution of those claims against all applicable insurance coverage that is or may have been available in connection with the HVAC claims.

The Contractor acknowledged that the Organization maintains separate claims against the Architect for damages it incurred as a result of the design errors related to the HVAC systems and the Contractor agreed to cooperate in good faith in the Organization's claim to seek apportionment of the pass through and non-pass through HVAC related damages against the Architect.

The Organization and the Architect are currently attempting to negotiate a settlement of claims by the Organization through mediation. Mediation is not a prerequisite to the Complaint moving forward as per the Architect's Agreement. Per the Architect's Agreement, the Organization agreed to mediate, and that the Complaint would be stayed pending the mediation.

A mediation date with the Architect has been scheduled in January 2020. Also attending the mediation in addition to the Architect will be the Architect's engineering subcontractor and the Contractor. The ultimate outcome of the mediation cannot be determined as of the financial statement issuance date.

As of August 31, 2019, all of the available IL Units are occupied by residents, and sold out. As of August 31, 2019 there is an IL residence waiting list for future available IL units of sixty-nine (69). Also, as of August 31, 2019, there were 59 out of 60 available Skilled Nursing units occupied; all 24 Memory Care units were occupied; and all 48 Assisted Living units were occupied.

On March 26, 2018 the State of Florida passed legislation requiring assisted living communities and nursing homes in the state to have emergency generators as a backup power source that can maintain an HVAC system during a power outage at certain temperature and space requirements.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### **( 9 ) CCRC commitment, contingencies, and subsequent events (continued)**

On June 4, 2018, the Agency for Health Care Administration (“AHCA”) formally accepted the Organization’s emergency generator power source plan and extension of time until January 1, 2019 to implement the permanent plan to comply with AHCA regulations.

On April 16, 2019, an AHCA order granting a conditional temporary variance from implementing a permanent generator plan to comply with AHCA regulations was granted, granting a conditional temporary variance to the Organization through July 5, 2019. On June 20, 2019, the Organization requested an additional ninety-day extension for a variance from the AHCA order while it proceeds with implementation of a permanent Emergency Environmental Control Plan (the “EECP”), for its assisted living facility and nursing home.

Construction of the Organization’s EECP permanent cooling system was approved by AHCA on February 15, 2019. Permits for the generators were issued on June 21, 2019. The permanent generators have been purchased and delivered on-site in October 2019. Additionally, the Organization has received approval of its 2019 EECP submission from the Palm Beach County Department of Public Safety, Division of Emergency Management.

The Organization has filed all requisite AHCA status reports and complied with the EECP Rule, and has made a request, due to construction and supply circumstances beyond its control, for an additional extension of time to comply with AHCA regulations, until January 31, 2020. AHCA has approved the extension of time request.

Contractual agreements have been signed for the purchase and installation of five natural gas generators including all engineering, electrical work, and retention of a general contractor to oversee the generator project. Total estimated generator project costs to comply with AHCA regulations at August 31, 2019 are approximately \$4.5 million, and are expected to be completed on or before January 31, 2020. The Organization has ample cash reserves to fund the generator project.

The Organization is, from time to time, involved in legal matters arising in the ordinary course of business that in the opinion of management, will not have a material adverse effect on the Organization’s financial position, results of operations, or liquidity.

#### **( 10 ) Due to related parties, related party transactions, and subsequent events**

Through August 31, 2019, the LLC has provided financing and paid certain costs associated with the development and construction of the CCRC on behalf of the Organization, and at times utilized professionals and other entities whose principals are members of the Board of Directors and committees of the Federation to provide various professional services or obtain products. As of August 31, 2019, the Organization owed \$30,426 to the LLC for these purposes. During the year ended August 31, 2019, approximately \$362,500 of the Federation’s employees’ salaries were allocated to the Organization and included in construction in progress.

## FEDERATION CCRC OPERATIONS CORP.

### NOTES TO FINANCIAL STATEMENTS

#### ( 10 ) Due to related parties, related party transactions, and subsequent events (continued)

As discussed in Note 7, the Federation advanced \$2,000,000 to the Organization. This advance bears interest at 4% per annum and is subject to the LSA and there remains a \$1,000,000 contingent liability payable upon CCRC meeting certain financial milestones.

On August 26, 2019, the Federation pledged to make an unrestricted contribution to the Organization in the amount of \$300,000 to support the operations and assist in the furtherance of the Organization's mission in serving the community. The Organization received a full payment of the pledged amount in December 2019.

#### ( 11 ) Concentration of credit risk

The Organization maintains several bank accounts including the escrow accounts used for the Reservation Deposits and at times carries balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit of \$250,000 in these accounts. Each individual for which Reservation Deposits are held by the Organization is considered a separate depositor for purposes of FDIC insurance coverage. Cash held by financial institutions in excess of the FDIC insurance limit totaled approximately \$3.8 million at August 31, 2019. The Organization has not experienced any losses to date in these accounts.

#### ( 12 ) Capital leases

The Organization has acquired capital leases from Wells Fargo Equipment Finance, Inc. and BB&T Commercial Equipment Capital Corp. for the purposes of purchasing vehicles to transport residents. The remaining lease liability as of August 31, 2019 is \$198,740, which is included in accounts payable and accrued liabilities in the accompanying statement of financial position.

The future annual lease payments as of August 31, 2019 are as follows:

Fiscal Years Ending August 31,	
2020	\$ 91,451
2021	68,116
2022	38,867
2023	<u>35,628</u>
Total payments	234,062
Less amounts representing interest	<u>(35,322)</u>
	<u>\$ 198,740</u>

# FEDERATION CCRC OPERATIONS CORP.

## NOTES TO FINANCIAL STATEMENTS

### ( 13 ) 401(k) profit sharing plan

Effective February 1, 2016, the Organization adopted a 401(k) profit sharing plan (the "Plan"), sponsored by the Federation. The Plan covers the Organization's full time employees who have completed at least one year of service and meet other eligibility requirements as outlined in the plan document. The Plan provides for the Organization to make 3% safe harbor contributions on behalf of participants in the Plan. The Organization's contributions to the Plan for the year ended August 31, 2019 amounted to approximately \$67,000.

On August 22, 2018, the Plan Trustees approved the elimination of the 401(k) safe harbor 3% non-elective contribution for Plan participants of the Organization, effective January 1, 2019.

### ( 14 ) Natural and functional expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function including depreciation and amortization, interest, insurance, utilities, property and other taxes, and maintenance and repair, are allocated to a function based on square footage occupied.

Expenses related to providing these services for the year ended August 31, 2019 are as follows:

	<u>Program Service</u>	<u>Support Service</u>	
	<u>Resident Services</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Salaries and wages	\$ 8,752,547	\$ 1,419,056	\$ 10,171,603
Professional services	3,102,628	2,432,388	5,535,016
Food and food supplies	2,279,660	-	2,279,660
Employee benefits	1,590,378	257,849	1,848,227
Utilities	1,241,990	242,760	1,484,750
Supplies	1,181,736	142,297	1,324,033
Maintenance and repair	551,828	107,860	659,688
Insurance	498,807	97,497	596,304
Other general and administrative expenses	215,468	334,315	549,783
Property and other taxes	733,135	143,299	876,434
Marketing expense - Phase II	-	1,259,334	1,259,334
Depreciation and amortization expense	5,100,565	914,591	6,015,156
Interest expense	7,757,820	1,598,709	9,356,529
Loss on disposal of fixed asset	888	174	1,062
Non-recurring expenses	-	886,875	886,875
	<u>\$ 33,007,450</u>	<u>\$ 9,837,004</u>	<u>\$ 42,844,454</u>

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 15 ) Sinai Expansion Project and construction loan**

On June 7, 2018, the Organization approved the expansion of Sinai Residences (the "Expansion Project"). The Expansion Project, estimated to encompass 268,500 square feet, is projected to include 111 Independent Living Units, multiple dining rooms and common areas, an event center, parking area, and various enhancements to the current Sinai Residences common areas and pool. The Expansion Project cost is estimated at approximately \$165 million.

To assist in the Expansion Project, the Organization has retained and signed agreements with a CCRC developer, a land planner, a senior living underwriting entity, an architect, and has selected a general contractor.

The Expansion Project, in the preliminary development stage, required funding to move the Expansion Project forward to fund development consulting, architectural, construction design, land planning, underwriting, and other related development costs, estimated in the amount of \$8.1 million up to Expansion Project construction financing.

On March 15, 2019, the Organization obtained and closed an Expansion Project Predevelopment Construction Draw-Down Loan from SunTrust Bank in the amount of \$8.1 million (the "Loan"), to fund Expansion Project predevelopment costs through and up to construction financing for the Expansion Project. The Loan is for a period of twenty-four (24) months maturing March 15, 2021, interest at one-month LIBOR plus 1.25% (3.48% at August 31, 2019), interest only payable on the outstanding Loan balance semi-annually June 1<sup>st</sup> and December 1<sup>st</sup> until the unpaid principal balance is paid in full. Loan prepayment is permitted at any time without penalty. The outstanding balance of the Loan as at August 31, 2019 is \$5,348,676.

The maturities of the Loan as of August 31, 2019 are as follows:

Fiscal Years Ending August 31,	
2020	\$ -
2021	<u>5,348,676</u>
	<u>\$ 5,348,676</u>

The Federation agreed to fund ongoing Expansion Project predevelopment costs until such time that the Organization obtained predevelopment financing. The Federation was repaid in full by the Organization on November 9, 2018 for all outstanding Expansion Project predevelopment advances to the Organization in the amount of \$1,367,437.

On February 25, 2019, the Organization filed with the OIR, an Application for Expansion of a Certified Facility (the "Application"), informing the OIR that the Organization intends to expand the IL units at Sinai Residences in Boca Raton, FL. On May 1, 2019 the OIR, following a complete review of the Organization's entire submissions and records approved the Application, and authorized advertising, marketing, sale and acceptance of IL unit 10% entrance fee deposits for the Expansion Project, and that a minimum of 75%

**FEDERATION CCRC OPERATIONS CORP.**

**NOTES TO FINANCIAL STATEMENTS**

**( 15 ) Sinai Expansion Project and construction loan (continued)**

of the funds paid for all or any part of an initial entrance fee collected for the Expansion Project shall be placed in an escrow account pursuant to OIR statutes. The Organization completed construction of an Expansion Project model IL unit and executive marketing suite. On July 8, 2019, the Organization commenced sale of IL unit entrance fee units, and acceptance of 10% deposits. The average IL entrance fee is \$795,000 based on twelve IL unit size options. As of August 31, 2019, forty-one (41) IL unit contracts have been executed and related Expansion Project entrance fee deposits on deposit in escrow total \$4,048,750, excluding one (1) deposit in transit of \$61,000.

**( 16 ) Subsequent events**

The Organization, since March 2019, has been in ongoing discussions with the owner of ten acres of land located in central Boca Raton (the "Property"), ten miles from Sinai Residences, for the proposed development of a senior living facility and health center anticipated to include 75 units of assisted living and memory care, as well as potentially a to be determined number of skilled nursing beds (the "Development Project"). The owner of the Property is currently in the process of meeting with the Palm Beach County land and use zoning authorities to obtain re-zoning of the land for the proposed Development Project.

On September 5, 2019, the Federation signed a non-binding Letter of Interest (the "LOI"), with the owner of the Property, that set forth general terms and conditions under which the Federation, or one of its affiliates, or the Organization affiliates, are exploring the possibility of entering into a long-term ground lease for the Property for the purpose of constructing, owning and operating the Development Project. The Federation agreed to engage a development consultant to perform a feasibility and marketing study for the Development Project, and to assist the owner of the Property with the design of the Project Development in order to obtain required county zoning and land use modifications. Failure of the Federation to reach a satisfactory Project Development determination after performance of due diligence, and/or failure to obtain governance approval of the Project Development, shall enable the Federation to discontinue the Development Project and any and all discussions with the Property owner.

On September 5, 2019, the Organization signed a Development Consulting Agreement (the "Consulting Agreement"), with LCS Development LLC, to perform a feasibility stage preliminary development plan to include a marketing study, an age and income qualifications analysis for potential residents, competitive projects, facility unit mix, pricing, calculate potential need for the Development Project, and a financial business plan. Should the feasibility stage development plan be approved by the Organization, the Consulting Agreement will be expanded to a confirmation development plan to encompass a commitment to fully proceed with the Development Project. As of August 31, 2019, the Organization has not incurred any material expenditures for the Development Project.

The Organization has evaluated subsequent events through December 20, 2019, which is the date the financial statements were available to be issued.

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**APPENDIX C**  
**FINANCIAL FEASIBILITY STUDY**

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**Federation CCRC Operations Corp.**  
**Financial Feasibility Study**  
**For the Six Years Ending August 31, 2025**

**Federation CCRC Operations Corp.**  
**Financial Feasibility Study**  
**Six Years Ending August 31, 2025**

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## **INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

Board of Directors  
Federation CCRC Operations Corp.  
Boca Raton, Florida

We have prepared a financial feasibility study of the plans of Federation CCRC Operations Corp. (the "Corporation") to complete an expansion project at the existing life plan community ("LPC") known as "Toby and Leon Cooperman Sinai Residences Boca Raton" (the "Existing Community").

The Corporation is a Florida not-for-profit corporation formed to develop, own and operate the Existing Community, which currently consists of approximately 234 independent living units, 48 assisted living units, 24 memory support units, 60 skilled nursing beds and common areas. Life Care Services, LLC ("Life Care Services"), a wholly-owned subsidiary of Life Care Companies, LLC ("LCS"), provides management services for the Existing Community.

Management of the Corporation and Life Care Services ("Management") are planning an expansion project at the Existing Community which is expected to include the construction of 111 new independent living apartment residences (the "New Independent Living Units") and new common areas including a new resort style pool, adjacent poolside indoor outdoor bar, new bistro and formal dining venue, sub-dividable community center, a movie theater, a game room and a card room, and a staff breakroom within proximity of the new kitchen (the "Phase II Project"). The Corporation has retained LCS Development LLC ("LCS Development") to assist in the planning and development of the Phase II Project. The Existing Community and the Phase II Project are collectively referred to as the "Community" or "Sinai Residences").

The financial feasibility study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with \$141,210,000 Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020 (the "Series 2020 Bonds"), as well as the existing Palm Beach County Health Facilities Authority Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014 (the "Series 2014 Bonds") outstanding.

As provided by the Corporation's underwriter, Herbert J. Sims & Company, Inc. (the "Underwriter"), the Series 2020 Bonds are assumed to consist of:

- \$54,110,000 of non-rated tax-exempt fixed rate bonds (the "Series 2020A Bonds"), assumed to be issued at an original issue discount, with an assumed coupon rate of 5.25 percent per annum and an average yield of 5.50 percent per annum, consisting of term maturities to June 1, 2055;
- \$82,100,000 of non-rated tax-exempt Entrance Fee Principal Redemption Bonds (the "Series 2020B Bonds"), with assumed interest rates ranging from 3.25 to 3.50 percent per annum. The Series 2020B Bonds consist of \$29,030,000 of Series 2020B-1 Bonds and \$53,070,000 of Series 2020B-2 Bonds, with a maximum stated maturity date of June 1, 2027, assumed to be redeemed in full by December 1, 2023; and
- \$5,000,000 of non-rated taxable Entrance Fee Principal Redemption Bonds (the "Series 2020C Bonds"), with an assumed interest rate of 4.00 percent per annum and a maximum stated maturity date of June 1, 2024, assumed to be redeemed in full by March 1, 2023.

Proceeds from the Series 2020 Bonds and equity are assumed to be used as follows:

- To pay for costs of the Phase II Project, including design, development, construction and marketing costs;
- To repay an outstanding taxable bank loan (the "2019 Taxable Loan");
- To reimburse cash to the Corporation used for predevelopment costs, and other costs associated with the Phase II Project;
- To fund a debt service reserve fund for the Series 2020 Bonds;
- To fund interest on the Series 2020 Bonds for a period of approximately 27 months;
- To fund a Coverage Support Fund; and
- To pay costs of issuance associated with the Series 2020 Bonds.

Our procedures included analysis of:

- The Corporation's history, objectives, timing and financing;
- Future demand for the Corporation's services, including consideration of:
  - Socioeconomic and demographic characteristics of the defined market area;
  - Locations, capacities and competitive information pertaining to other existing and planned facilities in the market area; and
  - Forecasted occupancy and utilization levels.
- Costs associated with the Phase II Project, the Corporation's debt service requirements related to the Phase II Project and its existing indebtedness and estimated financing costs;
- Staffing requirements, salaries and wages, related fringe benefits and other operating expenses;
- Anticipated entrance fees, monthly fees and per diem charges for each resident of the Existing Community and the Phase II Project;
- Sources of other operating and non-operating revenues;
- Revenue/expense/volume relationships; and
- Depositor files.

The accompanying financial forecast for each of the years in the six-year period ending August 31, 2025 is based on assumptions that were provided by, or reviewed with and approved by, Management. The financial forecast includes the following financial statements and the related summary of significant forecast assumptions and rationale:

- Forecasted Statements of Operations and Changes in Net Deficit;
- Forecasted Statements of Cash Flows;
- Forecasted Statements of Financial Position; and
- Forecasted Financial Ratios.

We have examined the accompanying forecast of the Corporation, based on the guidelines for the presentation of a forecast by the American Institute of Certified Public Accountants (“AICPA”). Management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of continuing care retirement communities. The financial forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Corporation’s operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

The highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) and associated pandemic has resulted in significant disruption of the U.S economy and financial markets, increased demands for health care services and safety protocols and has curtailed certain aspects of public life. What, if any, long-term impact of COVID-19 on the economy, the senior living industry, and the Corporation is unknown as the date of this report. The financial forecast is based on Management’s assumptions that, while there are impacts to the Corporation for the years ending August 31, 2020 and 2021, there will not be any long-term impact to the Corporation as a result of COVID-19.

Management’s financial forecast is based on the achievement and maintenance of occupancy levels and re-occupancy of units vacated by residents. We have not been engaged to evaluate the effectiveness of Management, and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

The assumed interest rates, principal payments and other financing assumptions are described in the section entitled “Summary of Significant Forecast Assumptions and Rationale.” If actual interest rates or principal payments are different from those assumed in this study, the amount of the Series 2020 Bonds and associated debt service requirements would need to be adjusted accordingly from those indicated in the forecast. If such interest rates and principal payments are lower than those assumed, such adjustments would not adversely affect Management’s forecast.

Our conclusions are presented below:

- In our opinion, the accompanying financial forecast is presented, in all material respects, in accordance with guidelines for presentation of a financial forecast established by the AICPA.
- In our opinion, the underlying assumptions are suitably supported and provide a reasonable basis for Management’s forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
- The accompanying financial forecast indicates that sufficient funds could be generated to meet the Corporation’s operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2020 Bonds, during the forecast period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
August 17, 2020



## Federation CCRC Operations Corp.

### Forecasted Statements of Operations and Changes in Net Deficit For the Years Ending August 31, (In Thousands)

	2020	2021	2022	2023	2024	2025
<b>Revenue:</b>						
Independent living	\$ 13,778	\$ 14,354	\$ 15,852	\$ 22,227	\$ 24,322	\$ 25,139
Assisted living	3,417	3,342	3,382	3,448	3,513	3,583
Memory support	1,990	2,060	2,040	2,107	2,174	2,202
Skilled nursing	8,636	10,243	10,654	10,591	10,487	10,360
Other revenue	17	9	22	27	29	30
Entrance fees earned	2,321	2,416	2,711	3,125	3,425	3,648
Contributions	5,100	-	-	-	-	-
Contributions - land	-	7,500	-	-	-	-
Investment income	321	373	439	603	681	754
<b>Total revenue</b>	<b>35,580</b>	<b>40,297</b>	<b>35,100</b>	<b>42,128</b>	<b>44,631</b>	<b>45,716</b>
<b>Expenses:</b>						
General and administrative	5,259	5,606	6,552	7,690	8,123	8,586
Plant	2,112	2,263	2,625	2,997	3,140	3,237
Dietary services	5,370	5,362	6,641	8,177	8,655	8,928
Resident services	528	609	826	1,051	1,113	1,149
Marketing (routine)	407	229	286	382	409	421
Marketing (initial Project costs)	731	596	596	596	248	-
Environmental services	1,298	1,373	1,681	1,898	1,966	2,026
Health center	6,424	7,376	7,428	7,505	7,615	7,756
Assisted living	1,000	1,030	1,049	1,081	1,113	1,146
Assisted living - dementia	964	998	1,039	1,070	1,102	1,135
Resident health	427	420	511	526	542	558
Utilities	1,188	1,239	1,315	1,636	1,743	1,799
Interest expense	9,336	10,481	12,234	13,675	11,925	11,820
Depreciation	6,336	6,370	7,578	9,997	10,105	10,152
<b>Total expenses</b>	<b>41,380</b>	<b>43,952</b>	<b>50,361</b>	<b>58,281</b>	<b>57,799</b>	<b>58,713</b>
<b>Operating loss</b>	<b>(5,800)</b>	<b>(3,655)</b>	<b>(15,261)</b>	<b>(16,153)</b>	<b>(13,168)</b>	<b>(12,997)</b>
<b>Other revenue (expense)</b>						
Paycheck Protection Program loan forgiveness	2,180	-	-	-	-	-
CARES Act Provider Relief	834	-	-	-	-	-
Realized gain on investment	889	-	-	-	-	-
Non-recurring expenses	(1,253)	-	-	-	-	-
<b>Change in net deficit</b>	<b>(3,150)</b>	<b>(3,655)</b>	<b>(15,261)</b>	<b>(16,153)</b>	<b>(13,168)</b>	<b>(12,997)</b>
<b>Net deficit - Beginning of year</b>	<b>(46,818)</b>	<b>(49,968)</b>	<b>(53,623)</b>	<b>(68,884)</b>	<b>(85,037)</b>	<b>(98,205)</b>
<b>Net deficit - End of year</b>	<b>\$ (49,968)</b>	<b>\$ (53,623)</b>	<b>\$ (68,884)</b>	<b>\$ (85,037)</b>	<b>\$ (98,205)</b>	<b>\$ (111,202)</b>

See accompanying Summary of Significant Forecast Assumptions and Rationale and  
Independent Accountants' Examination Report

# Federation CCRC Operations Corp.

## Forecasted Statements of Cash Flows For the Years Ending August 31, (In Thousands)

	2020	2021	2022	2023	2024	2025
<b>Cash flows from operating activities:</b>						
Change in net deficit	\$ (3,150)	\$ (3,655)	\$ (15,261)	\$ (16,153)	\$ (13,168)	\$ (12,997)
Adjustments to reconcile change in net deficit to net cash provided by (used in) operating activities:						
Depreciation	6,336	6,370	7,578	9,997	10,105	10,152
Amortization of deferred financing costs	153	1,314	1,245	193	193	193
Amortization of original issue discount	82	147	147	147	147	147
Amortization of entrance fees	(2,321)	(2,416)	(2,711)	(3,125)	(3,425)	(3,648)
Paycheck Protection Program loan forgiveness	(2,180)	-	-	-	-	-
Change in accrued interest payable	(20)	1,425	(23)	(691)	(123)	(28)
Net change in current assets and liabilities	(194)	(66)	178	(197)	(47)	17
Entrance fees received - attrition (non-refundable)	1,607	3,131	3,601	4,387	4,904	5,304
<b>Net cash provided by (used in) operating activities</b>	<b>313</b>	<b>6,250</b>	<b>(5,246)</b>	<b>(5,442)</b>	<b>(1,414)</b>	<b>(860)</b>
<b>Cash flows from investing activities:</b>						
Purchase of property and equipment	(10,646)	(67,414)	(38,457)	(2,367)	(3,334)	(1,265)
Interest cost capitalized during construction period	(288)	(5,394)	(3,686)	-	-	-
(Increase) decrease in assets limited as to use	(6,841)	(60,209)	(4,245)	60,531	4,546	(866)
(Increase) decrease in assets limited as to use, current	(1,082)	-	-	(245)	(228)	1
(Increase) decrease in investments	10,201	(5,436)	(1,166)	(6,875)	(4,056)	(4,515)
<b>Net cash provided by (used in) investing activities</b>	<b>(8,656)</b>	<b>(138,453)</b>	<b>(47,554)</b>	<b>51,044</b>	<b>(3,072)</b>	<b>(6,645)</b>
<b>Cash flows from financing activities:</b>						
Initial entrance fees received	-	-	53,198	31,919	6,206	-
Entrance fees received - attrition (refundable)	9,108	17,741	20,405	24,857	27,787	30,053
Refunds of entrance fees	(9,620)	(11,917)	(14,312)	(17,786)	(19,340)	(20,751)
Issuance of long term debt - Series 2020A Bonds	-	54,110	-	-	-	-
Issuance of long term debt - Series 2020B & Series 2020C Bonds	-	87,100	-	-	-	-
Proceeds from the Series 2019 Taxable Loan	2,751	-	-	-	-	-
Deferred financing costs	-	(3,471)	-	-	-	-
Original issue discount	-	(2,090)	-	-	-	-
Paycheck Protection Program loan proceeds	2,345	-	-	-	-	-
Paycheck Protection Program loan repayment	-	(165)	-	-	-	-
Principal payments on the Series 2019 Taxable Loan	-	(8,100)	-	-	-	-
Principal payments on the Series 2014 Bonds	(1,175)	(1,255)	(1,340)	(1,430)	(1,530)	(1,630)
Principal payments on Series 2020B & Series 2020C Bonds	-	-	-	(79,340)	(7,760)	-
Change in wait list and deposit escrow	3,560	517	(4,518)	(3,030)	(588)	-
<b>Net cash provided by (used in) financing activities</b>	<b>6,969</b>	<b>132,470</b>	<b>53,433</b>	<b>(44,810)</b>	<b>4,775</b>	<b>7,672</b>
<b>Change in cash and cash equivalents</b>	<b>\$ (1,374)</b>	<b>\$ 267</b>	<b>\$ 633</b>	<b>\$ 792</b>	<b>\$ 289</b>	<b>\$ 167</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>6,304</b>	<b>4,930</b>	<b>5,197</b>	<b>5,830</b>	<b>6,622</b>	<b>6,911</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 4,930</b>	<b>\$ 5,197</b>	<b>\$ 5,830</b>	<b>\$ 6,622</b>	<b>\$ 6,911</b>	<b>\$ 7,078</b>

**See accompanying Summary of Significant Forecast Assumptions and Rationale and  
Independent Accountants' Examination Report**

# Federation CCRC Operations Corp.

## Forecasted Statements of Financial Position As of August 31, (In Thousands)

	2020	2021	2022	2023	2024	2025
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 4,930	\$ 5,197	\$ 5,830	\$ 6,622	\$ 6,911	\$ 7,078
Current portion of assets whose use is limited	1,712	1,712	1,712	1,957	2,185	2,184
Accounts receivable, net	2,898	3,124	3,326	3,998	4,219	4,301
Prepaid expenses	1,620	1,708	1,915	2,176	2,271	2,326
Total current assets	11,160	11,741	12,783	14,753	15,586	15,889
Investments	13,738	19,174	20,340	27,215	31,271	35,786
Assets Whose Use is Limited						
Project Fund - Series 2020 Bonds	-	42,138	3,343	-	-	-
Funded Interest Fund - Series 2020 Bonds	-	8,914	3,133	-	-	-
Entrance Fee Fund - Series 2020 Bonds	-	-	53,198	1,777	-	-
Coverage Support Fund	-	255	130	130	-	-
Debt Service Reserve Fund - Series 2020A Bonds	-	5,202	5,202	5,202	5,202	5,202
Debt Service Reserve Fund - Series 2020B & Series 2020C Bonds	-	2,941	2,941	2,941	-	-
Debt Service Reserve Fund - Series 2014 Bonds	10,413	10,413	10,413	10,413	10,413	10,413
Statutory Renewal and Replacement	3,546	3,837	3,970	4,168	4,613	5,046
Statutory Operating Reserve	3,886	3,837	3,970	4,168	4,613	5,046
Wait list and deposit escrow	7,619	8,136	3,618	588	-	-
Total assets limited as to use	25,464	85,673	89,918	29,387	24,841	25,707
Property and equipment, gross	221,950	294,758	336,901	339,268	342,602	343,867
less accumulated depreciation	(23,642)	(30,012)	(37,590)	(47,587)	(57,692)	(67,844)
Property and equipment, net	198,308	264,746	299,311	291,681	284,910	276,023
Other assets						
Pledges receivable, net of current portion	300	300	300	300	300	300
Total assets	\$ 248,970	\$ 381,634	\$ 422,652	\$ 363,336	\$ 356,908	\$ 353,705

**See accompanying Summary of Significant Forecast Assumptions and Rationale and  
Independent Accountants' Examination Report**

# Federation CCRC Operations Corp.

## Forecasted Statements of Financial Position (continued) As of August 31, (In Thousands)

	2020	2021	2022	2023	2024	2025
<b>Liabilities and Net Deficit</b>						
Current liabilities:						
Accounts payable	\$ 4,578	\$ 4,826	\$ 5,413	\$ 6,149	\$ 6,418	\$ 6,572
Accrued interest payable	2,279	3,704	3,681	2,990	2,867	2,839
Refundable deposits held in trust	8,320	8,837	4,319	1,289	700	700
Current portion of short-term debt - PPP Loan	165	-	-	-	-	-
Current portion of long term debt - Series 2014 Bonds	1,255	1,340	1,430	1,530	1,630	1,740
<b>Total current liabilities</b>	<b>16,597</b>	<b>18,707</b>	<b>14,843</b>	<b>11,958</b>	<b>11,615</b>	<b>11,851</b>
Series 2019 Taxable Bridge Loan	8,100	-	-	-	-	-
Long-term debt, net of current portion - Series 2014 Bonds	121,355	120,015	118,585	117,055	115,425	113,685
Long-term debt, net of current portion - Series 2020A Bonds	-	54,110	54,110	54,110	54,110	54,110
Long-term debt, net of current portion - Series 2020B & Series 2020C Bonds	-	87,100	87,100	7,760	-	-
Deferred financing costs, net of accumulated amortization	(2,858)	(5,015)	(3,770)	(3,577)	(3,384)	(3,191)
Original issue discount	(1,096)	(3,039)	(2,892)	(2,745)	(2,598)	(2,451)
<b>Long-term debt</b>	<b>125,501</b>	<b>253,171</b>	<b>253,133</b>	<b>172,603</b>	<b>163,553</b>	<b>162,153</b>
Deferred revenue from entrance fees, net	11,221	11,936	20,806	26,856	29,267	30,922
Refundable entrance fees	143,594	149,418	200,729	234,931	248,653	257,956
Subordinate note	2,025	2,025	2,025	2,025	2,025	2,025
<b>Total liabilities</b>	<b>298,938</b>	<b>435,257</b>	<b>491,536</b>	<b>448,373</b>	<b>455,113</b>	<b>464,907</b>
<b>Total net deficit</b>	<b>(49,968)</b>	<b>(53,623)</b>	<b>(68,884)</b>	<b>(85,037)</b>	<b>(98,205)</b>	<b>(111,202)</b>
<b>Total liabilities and net deficit</b>	<b>\$ 248,970</b>	<b>\$ 381,634</b>	<b>\$ 422,652</b>	<b>\$ 363,336</b>	<b>\$ 356,908</b>	<b>\$ 353,705</b>

**See accompanying Summary of Significant Forecast Assumptions and Rationale and  
Independent Accountants' Examination Report**

# Federation CCRC Operations Corp.

## Forecasted Financial Ratios For the Years Ending August 31, (In Thousands, Except for Ratios)

<b>Long-Term Debt Service Coverage Ratio</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Operating loss	\$ (5,800)	\$ (3,655)	\$ (15,261)	\$ (16,153)	\$ (13,168)	\$ (12,997)
Deduct:						
Entrance fee amortization	(2,321)	(2,416)	(2,711)	(3,125)	(3,425)	(3,648)
Contributions - land	-	(7,500)	-	-	-	-
Add:						
Marketing (initial Project costs)	731	596	596	596	248	-
Paycheck Protection Program loan forgiveness	2,180	-	-	-	-	-
CARES Act Provider Relief	834	-	-	-	-	-
Realized gain on investment	889	-	-	-	-	-
Depreciation	6,336	6,370	7,578	9,997	10,105	10,152
Interest expense	9,336	10,481	12,234	13,675	11,925	11,820
Entrance fees received - attrition (non-refundable)	1,607	3,131	3,601	4,387	4,904	5,304
Entrance fees received - attrition (refundable)	9,108	17,741	20,405	24,857	27,787	30,053
Refunds of entrance fees	(9,620)	(11,917)	(14,312)	(17,786)	(19,340)	(20,751)
Release from Coverage Support Fund	-	500	125	-	-	-
Project Start-Up Period Adjustments <sup>(a)</sup>						
Less: New Independent Living Units revenues	-	-	(797)	(6,717)	(8,339)	N/A
Less: Attrition entrance fees received, less refunds	-	-	(245)	(1,569)	(3,091)	N/A
Add: New Independent Living Unit expenses	-	43	2,142	5,340	5,996	N/A
Net Income Available for Debt Service	\$ 13,280	\$ 13,374	\$ 13,355	\$ 13,502	\$ 13,602	\$ 19,933
Maximum Annual Debt Service <sup>(b)</sup>	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 13,149
Maximum Annual Debt Service Coverage Ratio	1.29x	1.30x	1.30x	1.31x	1.32x	1.52x
<b>Maximum Annual Debt Service Coverage Ratio - Adjusted</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Net Income Available for Debt Service	13,280	13,374	13,355	13,502	13,602	19,933
Less: Release from Coverage Support Fund	-	(500)	(125)	-	-	-
Net Income Available for Debt Service - Adjusted	\$ 13,280	\$ 12,874	\$ 13,230	\$ 13,502	\$ 13,602	\$ 19,933
Maximum Annual Debt Service	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 10,300	\$ 13,149
Maximum Annual Debt Service Coverage Ratio - Adjusted <sup>(c)</sup>	1.29x	1.25x	1.28x	1.31x	1.32x	1.52x

<b>Days Cash on Hand</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cash and cash equivalents	\$ 4,930	\$ 5,197	\$ 5,830	\$ 6,622	\$ 6,911	\$ 7,078
Investments	13,738	19,174	20,340	27,215	31,271	35,786
Coverage Support Fund	-	255	130	130	-	-
Statutory Renewal and Replacement	3,546	3,837	3,970	4,168	4,613	5,046
Statutory Operating Reserve	3,886	3,837	3,970	4,168	4,613	5,046
Cash on hand	\$ 26,100	\$ 32,300	\$ 34,240	\$ 42,303	\$ 47,408	\$ 52,956
Total expenses	41,380	43,952	50,361	58,281	57,799	58,713
Less:						
Depreciation	(6,336)	(6,370)	(7,578)	(9,997)	(10,105)	(10,152)
Amortization of deferred financing costs	(153)	(1,314)	(1,245)	(193)	(193)	(193)
Amortization of original issue discount	(82)	(147)	(147)	(147)	(147)	(147)
Expenses, adjusted	34,809	36,121	41,391	47,944	47,354	48,221
Daily operating expenses	95	99	113	131	130	132
Days cash on hand	275	326	303	323	365	401

(a) For purposes of computing the annual debt service coverage ratio, revenue and expenses related to the Phase II Project are to be excluded from Net Income Available for Debt Service during the Phase II Project fill-up period.

(b) Forecasted maximum annual debt service for the years ending August 31, 2020 through August 31, 2024 is equal to the maximum annual debt service on the Series 2014 Bonds. Forecasted maximum annual debt service is equal to the aggregate maximum annual debt service on the Series 2014 Bonds and the Series 2020 Bonds in the first full year of stabilized Phase II Project occupancy (2025).

(c) Forecasted Maximum Annual Debt Service Coverage Ratio - Adjusted is calculated as the reduction of Net Income Available for Debt Service by amounts drawn from the Coverage Support Fund.

**See accompanying Summary of Significant Forecast Assumptions and Rationale and  
Independent Accountants' Examination Report**

# **Federation CCRC Operations Corp.**

## **Summary of Significant Forecast Assumptions and Rationale**

### **Basis of Presentation**

The accompanying financial forecast presents, to the best of the knowledge and belief of Federation CCRC Operations Corp. (the “Corporation”), the expected financial position, results of operations, and cash flows as of and for each of the six years ending August 31, 2025. Accordingly, the financial forecast reflects the judgment of management of the Corporation and management of Life Care Services, LLC (“Life Care Services” or the “Manager”) as of August 17, 2020, the date of this forecast, of the expected conditions and its expected course of action during the forecast period. However, there will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

### **Background**

In March 2010, the Jewish Federation of South Palm Beach County (the “Federation”) formed the Federation CCRC Operations Corp. (the “Corporation”) to develop and operate a life plan community (“LPC”) presently known as “Toby and Leon Cooperman Sinai Residences Boca Raton” (the “Existing Community”). The Federation is a Florida not-for-profit corporation that was incorporated in November 1979 and as a not-for-profit charitable entity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Federation established Federation CCRC Development, LLC to assist in the initial development of the Existing Community. The Corporation and its operating manager, Life Care Services, a wholly-owned subsidiary of Life Care Companies, LLC (“LCS”), are collectively referred to as “Management.”

The Corporation, a wholly owned subsidiary of Federation CCRC Development, LLC, is a not-for-profit corporation organized under the laws of the State of Florida. The Corporation received a determination letter from the Internal Revenue Service dated October 17, 2013 stating that the Corporation is a charitable organization as described in the Code.

### **The Existing Community**

The Existing Community includes 234 independent living apartments (the “Existing Independent Living Units”), 48 assisted living apartments (the “Assisted Living Units”), 24 memory support units (the “Memory Support Units”) and 60 skilled nursing beds (the “Skilled Nursing Beds”), as well as administrative support and common areas for a total of approximately 525,000 square feet of climate controlled space. The Assisted Living Units, Memory Support Units and Skilled Nursing Beds are collectively referred to as the “Health Center”.

The Existing Independent Living Units are located in a residential building with a four-story configuration and the Health Center is located in a three-story configuration. Common areas at the Existing Community include several living areas, multiple dining venues, a multi-purpose center, library, business center and conference room, arts and crafts center, game and activity rooms, multiple resident lounges, roof gardens, and a wellness pavilion that includes a pool, exercise/fitness rooms, salon and spa.

The following table summarizes the type, number, approximate square footage, monthly fees (“Monthly Fees”), daily fees (“Daily Fees”) and entrance fees (“Entrance Fees”) for the units at the Existing Community.

<b>Table 1</b>				
<b>The Existing Community</b>				
	<b>Number of Units</b>	<b>Square Footage</b>	<b>80% Refundable Entrance Fees <sup>(1)(2)</sup></b>	<b>Monthly Fees<sup>(1)(3)</sup></b>
<b>Independent Living</b>				
<i><u>One Bedroom Apartments</u></i>				
Addison	23	788 – 804	\$455,700 – 482,000	\$3,670
Bellucia	3	836	\$509,000 – 518,600	\$4,110
Cloister	12	849	\$509,000 – 518,600	\$4,230
Colonnades	33	981 – 1,079	\$505,400 – 527,100	\$4,660
<i><u>Two Bedroom Apartments</u></i>				
El Camino	34	1,070 – 1,118	\$620,400 – 662,900	\$4,770
Floresta	38	1,129 – 1,153	\$620,400 – 662,900	\$4,900
Lagomar	17	1,207	\$640,000 – 680,300	\$5,220
Mirasol	19	1,225	\$738,200 – 767,900	\$5,460
Mizner	8	1,282	\$796,000 – 826,900	\$5,570
Riviera	11	1,291	\$777,800 – 808,700	\$5,700
Solano	1	1,376	\$869,300	\$5,730
Tuscany	11	1,410	\$872,700 – 894,700	\$5,730
Vanderbilt	18	1,624	\$994,500 – 1,031,400	\$6,000
Waldorf	3	1,981	\$1,201,200	\$6,600
<i><u>Combination Apartments: <sup>(4)</sup></u></i>				
Rienta (El Camino & Lagomar)	1	2,277	\$1,359,000	\$8,150
Villa Lante (Tuscany & El Camino)	1	2,480	\$1,488,200	\$8,550
Ritz (Waldorf & Mirasol)	1	3,206	\$1,923,800	\$9,360
<b>Total/Weighted Average – IL</b>	<b>234</b>	<b>1,160</b>	<b>\$698,350</b>	<b>\$5,009</b>
<b>Assisted Living <sup>(5)(6)</sup></b>				
One Bedroom	45	553	–	\$5,735
Two Bedroom	3	827	–	\$6,935
<b>Total/Weighted Average – AL</b>	<b>48</b>	<b>570</b>	<b>–</b>	<b>\$5,810</b>
<b>Memory Support <sup>(5)(7)</sup></b>				
Private	24	312	–	\$7,790
<b>Total / Weighted Average – MS</b>	<b>24</b>	<b>312</b>	<b>–</b>	<b>\$7,790</b>
<b>Health Center</b>				<b><u>Daily Fees</u></b>
Private Skilled Nursing Beds	60	308	–	\$442
<b>Total/Weighted Average – HC</b>	<b>60</b>	<b>308</b>	<b>–</b>	<b>\$442</b>

Source: Management

**Notes to Table:**

- (1) Entrance Fees, Monthly Fees and Daily Fees shown are effective June 1, 2020.
- (2) The second person Entrance Fee for the Existing Independent Living Units is \$30,000.
- (3) The second person Monthly Fee for the Existing Independent Living Units and the Assisted Living Units is \$1,840 and \$1,635, respectively, effective June 1, 2020.
- (4) Management does not anticipate converting the combination apartments back to two units upon vacancy due to the demand for larger apartments.
- (5) A one-time community fee of \$5,000 is required for direct admissions into the Assisted Living Units and the Memory Support Units.
- (6) Three additional levels of care are offered in the Assisting Living Units with the following Monthly Fees (depending on unit type): Level I range from \$900 to \$935, Level II range from \$1,400 to \$1,455 and Level III range from \$1,800 to \$1,870. Medication management is offered in the Assisted Living Units for \$300 per month.
- (7) An additional extended congregate care service is offered in the Memory Support Units for a monthly fee of \$300.

**The Phase II Project**

The Corporation is planning an expansion project at the Existing Community (the “Phase II Project”), to be located on approximately 4.6 acres adjacent to the Existing Community (the “Project Site”), and estimated to encompass approximately 240,000 square feet, which is to include:

- 111 new entrance fee independent living apartment units (the “New Independent Living Units”); and
- Construction of related amenities including a resort style pool, a parking garage with approximately 78 parking spaces, additional surface parking, and other common areas.

The Corporation has engaged LCS Development LLC (“LCS Development”) to provide Phase II Project development and marketing services.



The following table summarizes the planned type, number, approximate square footage, Entrance Fees and Monthly Fees for the New Independent Living Units.

**Table 2**  
**New Independent Living Unit Configuration**

<b>New Independent Living Units</b>	<b>Unit Count</b>	<b>Square Footage</b>	<b>80% Refundable Entrance Fees<sup>(1)</sup></b>	<b>Monthly Fees<sup>(1)</sup></b>
<i><b>One-Bedroom Apartments</b></i>				
Amalfi	6	880	\$520,000 – 540,000	\$4,270
Barcelona	14	1,000	\$620,000 – 655,000	\$4,620
Bellagio	1	1,336	\$792,000	\$5,180
<b>Total/Weighted Averages – 1 Bedroom</b>	<b>21</b>	<b>982</b>	<b>\$608,667</b>	<b>\$4,547</b>
<i><b>Two-Bedroom Apartments</b></i>				
Corsica	26	1,150	\$714,000 – 749,000	\$5,000
Haifa	16	1,215	\$751,000 – 786,000	\$5,180
Ibiza	12	1,440	\$830,000 – 865,000	\$5,500
Lisbon	6	1,500	\$950,000 – 970,000	\$5,610
Mallorca	20	1,550	\$1,040,000 – 1,060,000	\$5,710
Positano	4	2,025	\$1,355,000 – 1,370,000	\$6,330
Santorini	3	2,370	\$1,585,000 – 1,590,000	\$7,480
Tel Aviv	2	2,500	\$1,685,000 – 1,705,000	\$8,520
Valencia	1	3,200	\$2,105,000	\$10,280
<b>Total/Weighted Averages – 2 Bedrooms</b>	<b>90</b>	<b>1,445</b>	<b>\$928,167</b>	<b>\$5,576</b>
<b>Total/Weighted Averages – All</b>	<b>111</b>	<b>1,357</b>	<b>\$867,721</b>	<b>\$5,381</b>
<b>Second Person Fees</b>			<b>\$30,000</b>	<b>\$1,840</b>

(1) The Entrance Fees and Monthly Fees shown for the New Independent Living Units are assumed to be effective June 1, 2020.

The Existing Independent Living Units and New Independent Living Units are collectively defined as the “Independent Living Units.” The Existing Community and the Phase II Project are collectively referred to as the “Community” or “Sinai Residences.”

The following table summarizes the anticipated changes to the Community’s unit configuration.

**Table 3**  
**Community Configuration Changes**

<b>Level of Care</b>	<b>Existing Community</b>	<b>Phase II Project</b>	<b>Upon Phase II Project Completion</b>
Independent Living Units	234	111	345
Assisted Living Units	48	–	48
Memory Support Units	24	–	24
Skilled Nursing Beds	60	–	60
<b>Total Units/Beds</b>	<b>366</b>	<b>111</b>	<b>477</b>

Source: Management

***Timeline of the Phase II Project***

The anticipated timeline for financing, construction completion and fill-up of the Phase II Project is shown below.

<b>Table 4</b>	
<b>Development Timeline</b>	
Close on Series 2020 Bonds	September 2020
Construction commences on the Phase II Project	September 2020
Construction completion on the Phase II Project	April 2022
New Independent Living Units available for occupancy	May 2022
New Independent Living Units achieve stabilized occupancy of 93%	December 2023

Source: Management and the Developer

**COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the highly contagious respiratory disease named “coronavirus disease 2019” (“COVID-19”) to be a pandemic, and on March 13, 2020, a national emergency was declared in the United States. The Centers for Disease Control and Prevention has confirmed the spread of COVID-19 to the United States, including Florida. In response, the federal government and a large number of state governments, including Florida, have imposed strict measures to curtail certain aspects of public life in an effort to contain COVID-19.

In addition to the direct impact to the health care industry, national and global investment and financial markets have experienced substantial volatility attributed to COVID-19 concerns and associated economic impacts of the curtailment of public life described above.

An outbreak of an infectious disease, including the growth in the magnitude or severity of COVID-19 cases in the Community’s service area, could result in an abnormally high demand for health care services. Further, the changing global economic conditions or global health concerns surrounding the COVID-19 pandemic may also affect the Corporation’s partners, suppliers, distributors and payors, potentially disrupting or delaying the Corporation’s supply chain, construction progress at the Phase II Project, and reimbursement by private payors.

As with nearly all industries and companies operating through the COVID-19 pandemic, the Corporation expects to encounter further volatility and disruption in its operations and in the local, national and global economies. The potential impact of the COVID-19 pandemic is difficult to predict and could materially adversely impact the Corporation’s financial condition, liquidity and results of operations, as well as national and local economies.

The Corporation has activated plans to address the COVID-19 threat and is operating pursuant to infectious disease protocols and its Emergency Preparedness plan. In addition, the Corporation has restricted access to the Community to Residents, employees and limited essential vendors and visitors.

Management has estimated the COVID-19 impact on the forecasted financial statements for the fiscal years ending August 31, 2020 and August 31, 2021 as follows:

- Management anticipates maintenance of forecasted occupancy levels at the Existing Independent Living Units, the Assisted Living Units and the Memory Support Units for the remainder of the fiscal year ending August 31, 2020.
- As of June 30, 2020, the Skilled Nursing Beds were 79.3 percent (47.6 beds) occupied. Management anticipates forecasted occupancy of the Skilled Nursing Beds will increase to 95.0 percent occupancy for the fiscal year ending August 31, 2021.
- Management estimates additional operating expenses associated with healthcare services and increased supplies for the fiscal year ending August 31, 2020 and 2021 from originally budgeted levels.
- Under provision of the Coronavirus Aid, Relief, and Economy Security (“CARES”) Act, as of June 1, 2020, the Corporation had received \$834,000 in Public Health and Social Services Emergency Fund stimulus payments, as a provider of Medicare reimbursed nursing services, to reimburse the Corporation for healthcare related expenses and lost revenue that are attributable to COVID-19. Management assumes recognition of these payments as non-operating income during the year ending August 31, 2020.
- Under provision of the CARES Act, as of June 1, 2020, the Corporation obtained a loan of approximately \$2,345,000 under the Small Business Association’s Paycheck Protection Program (the “PPP Loan”), as amended by the Paycheck Protection Program Flexibility Act of 2020. For the purpose of the forecast, a portion of the PPP Loan is assumed to be forgiven and recognized as revenue during the year ending August 31, 2020, with the remainder to be repaid during the year ending August 31, 2021.

## Summary of Financing

### *Pre-Finance Capital*

Prior to the issuance of the Series 2020 Bonds, the Corporation funded approximately \$18,533,000 of preliminary costs associated with the development of the Phase II Project from proceeds of a taxable draw down construction loan from Truist Bank (as successor to Sun Trust Bank) in the amount of \$8,100,000 (the “2019 Taxable Loan”) and from contributions of approximately \$10,433,000 (the “Pre-finance Contributions”). The Corporation will repay the 2019 Taxable Loan from proceeds of the Series 2020 Bonds. The Corporation intends to reimburse approximately \$6,102,000 of Pre-finance Contributions from the proceeds of Series 2020 Bonds. The 2019 Taxable Loan and Pre-finance Contributions are herein referred as the “Pre-Finance Capital.”

### *Series 2020 Bonds*

The total financial requirements to fund costs of the Phase II Project are assumed to approximate \$157,196,000. The Corporation proposes to fund these financial requirements primarily through the issuance of tax-exempt \$141,210,000 Palm Beach County Health Facilities Authority, Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Phase II), Series 2020 (the “Series 2020 Bonds”).

Management assumes that on or before the financing date, the Project Site will be contributed by the Jewish Community Facilities Corporation to the Corporation. The current appraised value of the Project Site is approximately \$7,500,000. In connection with the issuance of the Series 2020 Bonds, the Corporation will subsequently contribute the value of the Project Site as a cost of the Phase II Project.

In connection with the issuance of the Series 2020 Bonds, the Corporation will contribute approximately \$490,000 to fund certain costs of issuance, and \$755,000 to fund a “Coverage Support Fund”, to be available for draw down by the Corporation for the purpose of causing the historical debt service coverage ratio to be between 1.20x and 1.30x and must be drawn for purposes of causing the historical debt service coverage ratio to be above 1.20x.

Management has assumed the following sources and uses of funds in preparing the financial forecast based upon information provided by Corporation's underwriter, Herbert J. Sims & Company, Inc. (the "Underwriter"):

<b>Table 5</b>	
<b>Sources and Uses of Funds</b>	
<b>(In Thousands)</b>	
<b>Sources of Funds:</b>	
Series 2020A Bonds <sup>(1)</sup>	\$54,110
Series 2020B Bonds <sup>(1)</sup>	82,100
Series 2020C Bonds <sup>(1)</sup>	5,000
Total Series 2020 Bonds	141,210
Original Issue Discount <sup>(2)</sup>	(2,090)
Series 2020 Bonds, net	139,120
Contributions <sup>(3)</sup>	13,076
Initial Entrance Fees <sup>(4)</sup>	5,000
Total Sources of Funds	\$157,196
<b>Uses of Funds:</b>	
Land <sup>(5)</sup>	7,583
Direct construction costs <sup>(6)</sup>	89,837
Design and engineering costs <sup>(7)</sup>	3,943
Contingency <sup>(8)</sup>	3,500
Indirect construction costs <sup>(9)</sup>	1,918
Development Consulting Fees <sup>(10)</sup>	6,156
Federation Development Fee <sup>(4)(11)</sup>	5,000
Marketing costs <sup>(12)</sup>	4,000
Miscellaneous costs <sup>(13)</sup>	3,206
Consultant and legal fees <sup>(14)</sup>	2,659
Total Project Related Costs	127,802
Less: Project related costs funded by the 2019 Taxable Loan	(8,100)
Project related costs funded by the Series 2020 Bonds and contributions	119,702
Repayment of 2019 Taxable Loan <sup>(15)</sup>	8,100
Funded Interest <sup>(16)</sup>	13,025
Coverage Support Fund <sup>(17)</sup>	755
Working Capital Fund <sup>(4)</sup>	4,000
Debt Service Reserve Funds <sup>(18)</sup>	8,143
Cost of issuance and other costs <sup>(19)</sup>	3,471
Total Estimated Financing and Other Costs	37,494
Total Uses of Funds	\$157,196

Sources: Management, the Developer and the Underwriter

*Notes to the Table:*

- (1) According to the Underwriter, the following debt is assumed to be issued:
  - \$54,110,000 of non-rated tax-exempt long-term bonds (the “Series 2020A Bonds”);
  - \$82,100,000 of non-rated tax-exempt Entrance Fee Principle Redemption Bonds (“EFRPB”) (the “Series 2020B Bonds”), consisting of \$29,030,000 of Series 2020B-1 Bonds and \$53,070,000 of Series 2020B-2 Bonds; and
  - \$5,000,000 of non-rated taxable EFRPBs (the “Series 2020C Bonds”).
- (2) The Series 2020A Bonds are assumed to be issued at an original issue discount (the “OID”) from par value.
- (3) A total contribution of approximately \$13,076,000 is assumed to be made by the Corporation in connection with the issuance of the Series 2020 Bonds, consisting of approximately \$4,331,000 of Pre-Finance Contributions, net of reimbursement, \$7,500,000 contributed value of the Project Site, \$490,000 contributed for certain costs of issuance, and \$755,000 contributed to fund the Coverage Support Fund.
- (4) Management assumes that approximately \$5,000,000 of initial Entrance Fees are to be used to fund \$4,000,000 of the Working Capital Fund and \$1,000,000 of the Federation Development Fee.
- (5) Land and land related costs approximate \$7,583,000 and include value of the land contributed by the Corporation, engineering reports, permitting and legal fees.
- (6) Direct construction, site work, and other costs related to the construction of the Phase II Project are assumed to approximate \$89,837,000, including a guaranteed maximum price contract in the amount of \$77,864,595 provided by The Whiting-Turner Contracting Company.
- (7) Design and engineering costs are assumed to approximate \$3,943,000 including reimbursable costs, based on a contractual agreement with Leo A. Daly (the “Architect”) in addition to contractual agreements with the Corporation’s interior designer and civil engineer.
- (8) A project contingency of \$3,500,000 is included on the overall project related costs of the Phase II Project.
- (9) Indirect construction costs are assumed to approximate \$1,918,000 and include the estimated furniture, fixtures, and equipment costs.
- (10) Development Consulting Fees associated with certain development and marketing services provided by LCS Development and Life Care Services for the Phase II Project are assumed to approximate \$6,156,000.
- (11) The Federation Development Fee associated with the Federation’s assistance in development, financing, construction and marketing for the Phase II Project are assumed to approximate \$5,000,000.
- (12) Marketing costs related to the Phase II Project are estimated to approximate \$4,000,000 and include direct marketing costs, salaries and other promotional material.
- (13) Miscellaneous costs related to the Phase II Project approximate \$3,206,000 and include expenses related to travel, legal fees, other professional fees, and other administrative costs.
- (14) Consultant and legal fees include expenses related to market research, zoning and site plan approval, licensing, and other consultant and legal fees of approximately \$2,659,000.
- (15) Approximately \$8,100,000 of proceeds from the Series 2020 Bonds are assumed to be used for the repayment of the 2019 Taxable Loan.
- (16) The Underwriter has estimated \$13,025,000 to be used to fund interest for approximately 27 months from the date of issuance of the Series 2020 Bonds.
- (17) Approximately \$755,000 of contributions from the Corporation are assumed to fund a Coverage Support Fund, which is to be available for draw down by the Corporation for the purpose of causing the historical debt service coverage ratio to be between 1.20x and 1.30x and must be drawn for purposes of causing the historical debt service coverage ratio to be above 1.20x.
- (18) The deposits into the Debt Service Reserve Funds for the Series 2020A Bonds, Series 2020B Bonds, and Series 2020C Bonds are assumed to approximate \$5,202,000, \$2,741,000, and \$200,000 respectively.
- (19) Assumed costs of issuance related to the Series 2020 Bonds approximate \$3,471,000 and include Underwriter’s discount, origination fee, legal fees, and other miscellaneous financing costs.

## Significant Agreements

### *Management Agreement*

The Corporation and Life Care Services entered into a management agreement (the “Management Agreement”), effective September 1, 2020, whereby Life Care Services agrees to act as agent of the Corporation, to serve as the manager of the Community, including the real estate, and in connection therewith, to recommend and regularly evaluate policies and goals of the Corporation, implement the policies, budgets, directives and goals for the Community established by the Corporation, to manage the day-to-day operations of the Community in accordance with the Corporation’s policies, directives and goals, to provide the Corporation with relevant information as to past operations, and to make recommendations as to the future operation of the Community. Life Care Services is to establish and maintain a system of financial controls for the Community using the software provided at other similar communities managed by Life Care Services or its subsidiaries, and provide the Corporation with monthly financial statements and annual budgets for operating revenue and expense, capital expenditures and cash flow forecasts for the Community, and recommend a schedule of resident entrance fees, monthly service fees and other charges.

The Corporation is obligated to pay Life Care Services a monthly management fee (the “Monthly Management Fee”) equal to 2.0 percent of revenues for the current month, a performance incentive fee (the “Performance Incentive Fee”) equal to 1.5 percent of revenues, excluding, (i) amounts received as entrance fees, (ii) amortization income of entrance fees, (iii) charitable contributions, (iv) non-recurring revenue from the sale of naming rights, and (v) capital contributions and similar payments from the Corporation or the Federation, for each fiscal year in which the Corporation achieves debt service coverage ratio above 1.20, and a development consulting fee (the “Manager Development Consulting Fee”) of \$1,000,000 paid in 10 equal installments following the closing of Series 2020 Bonds (hereinafter defined) and through the achievement of 93 percent occupancy of the New Independent Living Units. In addition to the Monthly Management Fee, Life Care Services will be reimbursed for the salary and benefits of the chief executive officer, health center administrator and for certain other expenses.

### *Development Consulting Services Agreement*

The Corporation entering into a Development Consulting Services Agreement (the “Development Consulting Agreement”) on March 5, 2018, as amended on December 20, 2018, with LCS Development LLC (“LCS Development”) to provide development and marketing services for the Phase II Project whereby LCS Development is to provide such services as maintaining overall direction for construction development and timeline; development planning; development team engagement and management; coordination of architectural, construction, and interiors plans; and the coordination and oversight of the approved construction budget and financing activities.

As compensation for services rendered pursuant to the Development Consulting Agreement, LCS Development is to be paid a development consulting fee (the “Development Consulting Fee”) equal to 3.75 percent of Phase II Project costs. For purposes of the Development Consulting Agreement, Phase II Project costs include all uses of funds required to plan, develop, design, construct, finance and initially occupy the planned expansion units, including planned studies, land-related expenses,

construction, design and engineering, furnishing and equipment, finance and finance-related expense, funded interest costs and project contingencies.

Development Consulting Fees, including the Manager Development Consulting Fee, total approximately \$6,156,000 and are assumed to be paid as follows.

<b>Table 6</b>	
<b>Development Consulting Fee and Manager Development Consulting Fee</b>	
<u>Fees Paid Prior to Issuance of the Series 2020 Bonds</u>	
Initial Retainer	\$ 10,000
Initial Draft of Financial Projections	20,000
Delivery of final Confirmation Development Plan	20,000
Completion of Early Schematics	207,794
Site Plan Submission	515,587
Obtain 10% Reservations	257,794
Obtain 25% Reservations	257,794
Completion of Design Development Documents	257,794
Obtain 50% Reservations	257,792
Subtotal	\$ 1,804,555
Fees Paid Upon Issuance of Series 2020 Bonds	\$ 1,288,968
<u>Fees Paid After Issuance of the Series 2020 Bonds</u>	
Manager Development Consulting Fee paid following closing of Series 2020 Bonds through 93% occupancy of New Independent Living Units	\$ 1,000,000
During construction period	1,288,968
Upon move-in (over fill-up to 93 percent occupancy) for initial occupied New Independent Living Units	515,587
Close-Out Services	257,794
Subtotal	\$ 3,062,349
Total Development Consulting Fee and Manager Development Consulting Fee	\$ 6,155,872
Source: Management and LCS Development	

The Corporation is also expected to reimburse LCS Development for all reasonable out-of-pocket travel expenses for personnel employed by Life Care Services.



***Federation Development Agreement***

The Corporation is assumed to enter into a development agreement with the Federation (the “Federation Development Agreement”) prior to the closing of the Series 2020 Bonds to provide assistance in the development, financing, construction and marketing services for the Phase II Project, whereby the Federation is to provide such services as assist on the selection of architect and engineer; coordinate and supervise the selected architect and engineer; advise the Corporation with respect to any and all rules, regulations or laws; assist, coordinate and supervise necessary building permits and approvals; assist the Corporation in obtaining and maintaining insurance coverage; assist in preparing a development and construction budget; coordinate with construction contractors; and supervise the development and construction activities.

As compensation for services rendered pursuant to the Federation Development Agreement, the Federation is to be paid a development fee (the “Federation Development Fee”) equal to \$5,000,000. The Corporation is assumed to use proceeds from the issuance of the Series 2020 Bonds to pay \$2,500,000 of the Federation Development Fee at the time of the issuance of the Series 2020 Bonds and \$1,500,000 at the time when construction of the Phase II Project is 50 percent complete. The Corporation is assumed to use proceeds from initial Entrance Fees to pay \$1,000,000 of the Federation Development Fee at the time when the Series 2020B Bonds and Series 2020C Bonds are redeemed in full.

***Description of the Residency Agreement***

To reserve an Independent Living Unit, a prospective resident must execute a reservation agreement (the “Reservation Agreement”), provide a self-disclosure of his or her health and finances and place a deposit equal to 10 percent of the Entrance Fee (the “Reservation Deposit”) on the selected Independent Living Unit (the “Depositor”). The remaining 90 percent of the Entrance Fee is due on or before the occupancy date (the “Occupancy Date”) of the Independent Living Unit. The Reservation Agreement reserves the right of the prospective resident to choose the selected Independent Living Unit and indicate his or her intent to execute a residence and care agreement (the “Residency Agreement”).

Under the terms of the Residency Agreement, the Corporation accepts persons at least 62 years of age at the time of occupancy, who demonstrate the ability to live independently, and as to all levels at the Community, to meet the financial obligations as a resident of the Community (the “Resident”). Upon occupancy, Residents are expected to pay any unpaid portion of the Entrance Fee and an ongoing Monthly Fee.

Payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the selected Independent Living Unit (the “Residence”) and receive a Life Care Benefit, as defined hereinafter, in addition to the following services and amenities:

- Monthly dining allocation based on a points system;
- Housekeeping and bed linen laundry service weekly;
- Water, sewer, utilities (including standard cable TV) and trash removal;
- Emergency call system in Residence which is monitored 24-hours a day;
- Maintenance of buildings and Residences;
- Washer and dryer in Residence;
- One assigned parking space;
- Scheduled local transportation;
- Social, cultural, educational, recreational and spiritual programs; and,
- Use of common areas.

In addition to the items included in the Monthly Fee, certain services are available to Residents at an additional cost including, but not limited to, additional housekeeping, personal laundry service, guest rooms, personal transportation, additional parking spaces, special activities and programs, barber and beauty services, and outpatient clinic services.

***Life Care Benefit***

Under the Residency Agreement, the Corporation provides Residents care in the Health Care Center. In the case of single occupancy, Residents permanently transferring to the Health Care Center are charged the current Monthly Fee for their Residence plus the cost of two additional meals and ancillary charges (the “Life Care Benefit”). In the case of double occupancy, should both Residents transfer to the Health Care Center, the cost is to be equal to the Life Care Benefit plus the then current second person Monthly Fee and the cost of two additional meals for the second person. Residents requiring temporary care in the Health Care Center continue to pay the current Monthly Fee for their Independent Living Unit in addition to the applicable monthly or per diem rate in the Health Care Center.

Persons who have not paid an Entrance Fee may be admitted to the Health Care Center (“Direct Admit Residents”) if beds are available in excess of those needed to satisfy the needs of Residents. Residents requiring care in the Health Care Center will have priority access to the Health Care Center over Direct Admit Residents. Direct Admit Residents are to pay a \$5,000 entry fee as well as the then-current monthly or daily fee for care. Residents are expected to obtain and maintain Medicare Parts A and B and one supplemental health insurance policy (or an equivalent substitute policy approved by the Corporation).

#### *Entrance Fee Options*

The Corporation offers an 80 percent refundable Entrance Fee plan (the “80% Refundable Plan”) for the Independent Living Units. Upon termination of the Residency Agreement, 80 percent of the total Entrance Fee paid is to be refunded to the Resident.

In addition, the Corporation offered various other Entrance Fee plans since the inception of the Community (the “Historical Plans”). The Historical Plans, which are no longer offered to prospective residents, are as follows:

- During the initial presales process of the Existing Community from April 2012 to February 2014, the Community offered three Entrance Fee plans: a traditional non-refundable plan (the “0% Refundable Plan”), a 50 percent refundable plan (the “50% Refundable Plan”) and a 90 percent refundable (the “90% Refundable Plan”).
- Upon opening of the Existing Community in January 2016, the 90% Refundable Plan was the only available Entrance Fee Plan.
- In September 2017, the 90% Refundable Plan was eliminated, and the Corporation began offering an 88 percent refundable plan (“the 88% Refundable Plan”).
- In October 2018, the Corporation began offering an 85 percent refundable plan (the “85% Refundable Plan”).
- From July 2019 to September 2019, the Corporation only offered the 85% Refundable Plan (representing the first 46 Depositors for the Phase II Project).
- In October 2019, the Corporation only offered the 80% Refundable Plan. However, the 0% Refundable Plan continues to be offered as part of incentive dollars allocated.

If a prospective resident reserved an Independent Living Unit prior to the elimination of a Historical Plan, the Corporation would honor the Entrance Fee plan chosen upon reservation of an Independent Living Unit.

The following table summarizes the assumptions for the number of Residents and Depositors on each plan for purposes of Management's forecast.

<b>Table 7</b>					
<b>Utilization of Entrance Fee Options</b>					
<b>Plan</b>	<b>Number of Residents<sup>(1)</sup></b>	<b>Percentage of Residents</b>	<b>Number of Depositors<sup>(1)</sup></b>	<b>Percentage of Depositors</b>	<b>Management's Forecast Assumption – Future New Entrants</b>
<i>Current Plan</i>					
80% Refundable Plan	1	0.4%	31	42.5%	100%
<i>Historical Plans</i>					
0% Refundable Plan	7	3.1%	2	2.7%	–
50% Refundable Plan	1	0.4%	–	–	–
85% Refundable Plan <sup>(2)</sup>	10	4.4%	40	54.8%	–
88% Refundable Plan	32	14.0%	–	–	–
90% Refundable Plan	90	39.5%	–	–	–
95% Refundable Plan	87	38.2%	–	–	–
<b>Total</b>	<b>228</b>	<b>100.0%</b>	<b>73</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Management

(1) Includes Residents and Depositors as of June 5, 2020 and July 31, 2020, respectively.

(2) The 85% Refundable plan was offered to Depositors from July 2019 to September 2019.

#### *Termination by the Resident Prior to Occupancy Date*

If the Residency Agreement is terminated by the Resident within seven days of executing the Residency Agreement (the "Rescission Period"), but prior to assuming occupancy at the Community, the Resident is expected to receive a 100 percent refund of all monies paid, without interest, within 30 days of the Resident's written notice. If the Residency Agreement is terminated after the Rescission Period but prior to assuming occupancy at the Community, the Resident is due a 100 percent refund of all monies paid, less two percent (2%) of the entire Entrance Fee and any costs specifically incurred by the Corporation at the request of the Resident. Termination of the Residency Agreement prior to occupancy at the Community due to death, a change in health status, or other circumstances beyond the Resident's control, results in a full refund of all monies paid less any costs specifically incurred by the Corporation at the request of the Resident.

#### *Termination by the Resident after Occupancy Date*

If the Residency Agreement is terminated after the Resident assumes occupancy at the Community, the Corporation is expected to refund the refundable portion of the Entrance Fee, as determined by the Entrance Fee plan selected by the Resident, with the proceeds of the next Entrance Fee received by the Corporation. Refunds due will be paid within 120 days after the date of notice of cancellation. If the Corporation discontinues marketing continuing care contracts, the refund shall be paid within 200 days after the date of notice of termination.

## Characteristics of the Market Area

Assumptions for the current and future utilization of the Community were developed by Management based on analysis of the following factors that may affect the demand for the Community's accommodations and services:

- Site description and general area analysis;
- Defined primary market areas for the Community;
- Demographic and socioeconomic characteristics of the defined primary market area;
- Estimated age- and income-qualified households within the defined primary market area;
- Description and utilization of existing and proposed comparable retirement communities, assisted living communities, and nursing homes within the defined primary market area;
- Management's ability to market the Independent Living Units; and,
- Penetration rates for independent living services.

Each of the above factors and the resulting assumed utilization of the Community are described in the following sections.

### *Site Description*

The Existing Community is located on approximately 21-acres on the campus of the Federation in Boca Raton, Palm Beach County, Florida and fronts 95th Avenue and Ruth and Baron Coleman Boulevard. The Phase II Project is to be located on approximately 4.6 acres adjacent to the Existing Community.

### *General Area Analysis*

#### Highways

The Community is approximately one-half mile east of U.S. Highway 441 ("US-441") which provides access north to Palm Beach or south to Miami. Interstate 95 ("I-95") runs parallel to US-441 and can be accessed approximately six miles northeast of the Community via the Glades Road interchange or approximately seven miles southeast to West Palmetto Road interchange. The Florida Turnpike (also known as State Road 91) is a north-south toll highway that runs parallel to I-95 and can be accessed approximately three miles northeast of the Community via the Glades Road interchange. The Florida Turnpike and I-95 also provide access north to Palm Beach and south to Miami.

#### Public Transportation

Palm Tran provides bus service throughout Palm Beach County through 32 bus routes and a paratransit service (known as the Palm Beach Connection) for the disabled. The nearest bus stop is located at Weinberg House, adjacent to the Community. The Tri-Rail station, South Florida's commuter railroad which offers 18 train stations along a 72-mile rail corridor from West Palm Beach to Miami, is approximately eight miles northeast of the Community in Boca Raton. In addition, a Greyhound bus station is approximately 12 miles northeast of the Community in Delray Beach.

Airports

The Boca Raton area is served by two major international airports including Fort Lauderdale-Hollywood International Airport (“FLL”) and Palm Beach International Airport (“PBI”). FLL, approximately 32 miles southeast of the Community in Fort Lauderdale, served nearly 37 million passengers in 2019 and PBI, approximately 31 miles northeast of the Community in West Palm Beach served approximately seven million passengers in 2019. In addition, the Boca Raton Airport, a state-owned public-use regional airport, is approximately eight miles northeast of the Community.

Hospitals and Medical Centers

The following table shows the hospitals and medical centers located near the Community.

<b>Table 8</b>				
<b>Hospitals near the Community</b>				
<b>Hospital Name</b>	<b>Location</b>	<b>Driving Miles from the Community</b>	<b>Type</b>	<b>Number of Beds</b>
West Boca Medical Center	West Boca Raton 33428	0.2	Short Term Acute Care	194
Boca Raton Regional Hospital	Boca Raton 33486	7.3	Short Term Acute Care	370
Delray Medical Center <sup>(1)</sup>	Delray Beach 33484	10.9	Short Term Acute Care	536
Bethesda Hospital West	Boynton Beach 33472	12.6	Short Term Acute Care	80

Source: American Hospital Directory, Bethesda Health and Delray Medical Center

(1) Information for Delray Medical Center includes Pinecrest Rehabilitation Center on the same campus.

Shopping/Recreation/Cultural

The Community is located in the Gold Coast region of Florida, which offers shopping, cultural and recreational opportunities. Town Center at Boca Raton is approximately five miles east of the Community and offers 25 restaurants and dining options and 220 stores including Macy’s, Nordstrom, Bloomingdale’s, Saks Fifth Avenue and Neiman Marcus. Mizner Park, approximately eight miles east of the Community, offers 42 retail shops and restaurants, and an iPic Theater.

The Boca Raton Museum of Art features an assortment of traveling exhibitions and permanent collections from various artists, educational programs, artist lectures, films, classes for children, and events. The Morikami Museum and Japanese Gardens is a center for Japanese arts and culture located approximately eight miles northeast of the Community.

Red Reef Park, which is approximately 10 miles east of the Community, is a 67-acre ocean-front park including the 20-acre Gumbo Limbo Nature Center (“Gumbo Limbo”). Gumbo Limbo includes an indoor nature center with exhibits, a butterfly nursery, and outdoor facilities including several large tanks for fish, turtles, and other sea life, a plank trail through the adjacent woods and a clearing for observing butterflies.

Florida Atlantic University (“FAU”) is a public higher educational institution located in the Boca Raton area. The Boca Raton Campus of FAU, approximately six miles east of the Community, includes the Charles E. Schmidt College of Medicine.

There are approximately nine synagogues within five driving miles of the Community. The four closest synagogues are Boca Raton Synagogue West, which is located adjacent to the Community, and Congregation Shaarei Kodesh, Congregation Torah Ohr and Temple Beth Shalom, all located approximately three miles north of the Community.

Nine golf courses are located within five driving miles of the Community including Boca Dunes Golf & Country Club, Osprey Point Golf Course, Boca Lago Golf Course, and Boca Woods Country Club.

### Employment Trends

The unemployment trends for the City of Boca Raton, Palm Beach County, Florida and the United States are shown in the following table.

<b>Table 9</b>				
<b>Unemployment Trends</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>(1)(2)</sup></b>
City of Boca Raton	3.6%	3.1%	2.8%	7.2%
Palm Beach County	4.2%	3.6%	3.3%	8.1%
Florida	4.2%	3.6%	3.1%	8.0%
United States	4.4%	3.9%	3.7%	8.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics Data

(1) Unemployment data for the City of Boca Raton, Palm Beach County and Florida is through June 2020. Unemployment data for the United States is through July 2020.

(2) June 2020 unemployment data for the City of Boca Raton, Palm Beach County and Florida is as follows: 8.9%, 10.4% and 10.7% (respectively). July 2020 unemployment data for the United States is 10.5%.

According to the Palm Beach County Business Development Board, the top 10 employers in Palm Beach County are Palm Beach County School District, Palm Beach County, Tenet Coastal Division Palm Beach County, Palm Beach County Board of County Commissioners, NextEra Energy, Hospital Corporation of America, Boca Raton Regional Hospital, FAU, Veterans Health Administration, Bethesda Health and Office Depot.

*Primary Market Area of the Community*

The primary market area for senior living services is typically defined as the geographic area from which the majority of prospective residents are assumed to reside prior to moving into a senior living community. As of June 5, 2020, 228 of the 234 Existing Independent Living Units were occupied (97 percent occupancy). In addition, as of July 31, 2020, 73 of the 111 New Independent Living Units were reserved by 73 Depositors, representing approximately 66 percent of the total New Independent Living Units.

Based on the zip code origin of the Residents and Depositors, discussions with existing senior living providers in the area and experience with similar communities, Management has defined the primary market area to be a 15-zip code area surrounding the Community, spanning approximately 14 miles east to west and approximately 17 miles north to south, at its widest and longest points, respectively (the “IL PMA”). The IL PMA includes the 15 zip codes shown in the following table.

**Table 10**  
**Independent Living Resident and Depositor Origin Data**

<b>Zip Code</b>	<b>Town</b>	<b>Number of Residents<sup>(1)</sup></b>	<b>Number of Depositors<sup>(1)</sup></b>	<b>Total Residents and Depositors</b>	<b>Percentage of Total</b>
33437	Boynton Beach	36	7	43	14.3%
33433	Boca Raton	37	4	41	13.6%
33496	Boca Raton	20	15	35	11.6%
33434	Boca Raton	18	12	30	10.0%
33487	Boca Raton	18	1	19	6.3%
33446	Delray Beach	9	7	16	5.3%
33432	Boca Raton	10	3	13	4.3%
33484	Delray Beach	9	2	11	3.7%
33428 <sup>(2)</sup>	Boca Raton	6	1	7	2.3%
33498	Boca Raton	6	1	7	2.3%
33436	Boynton Beach	5	1	6	2.0%
33445	Delray Beach	4	2	6	2.0%
33473	Boynton Beach	—	4	4	1.3%
33431	Boca Raton	2	—	2	0.7%
33486	Boca Raton	—	1	1	0.3%
<b>Total from IL PMA Zip Codes</b>		<b>180</b>	<b>61</b>	<b>241</b>	<b>80.0%</b>
Other areas of Florida		30	9	39	13.0%
Out of state		18	3	21	7.0%
<b>Total</b>		<b>228</b>	<b>73</b>	<b>301</b>	<b>100.0%</b>

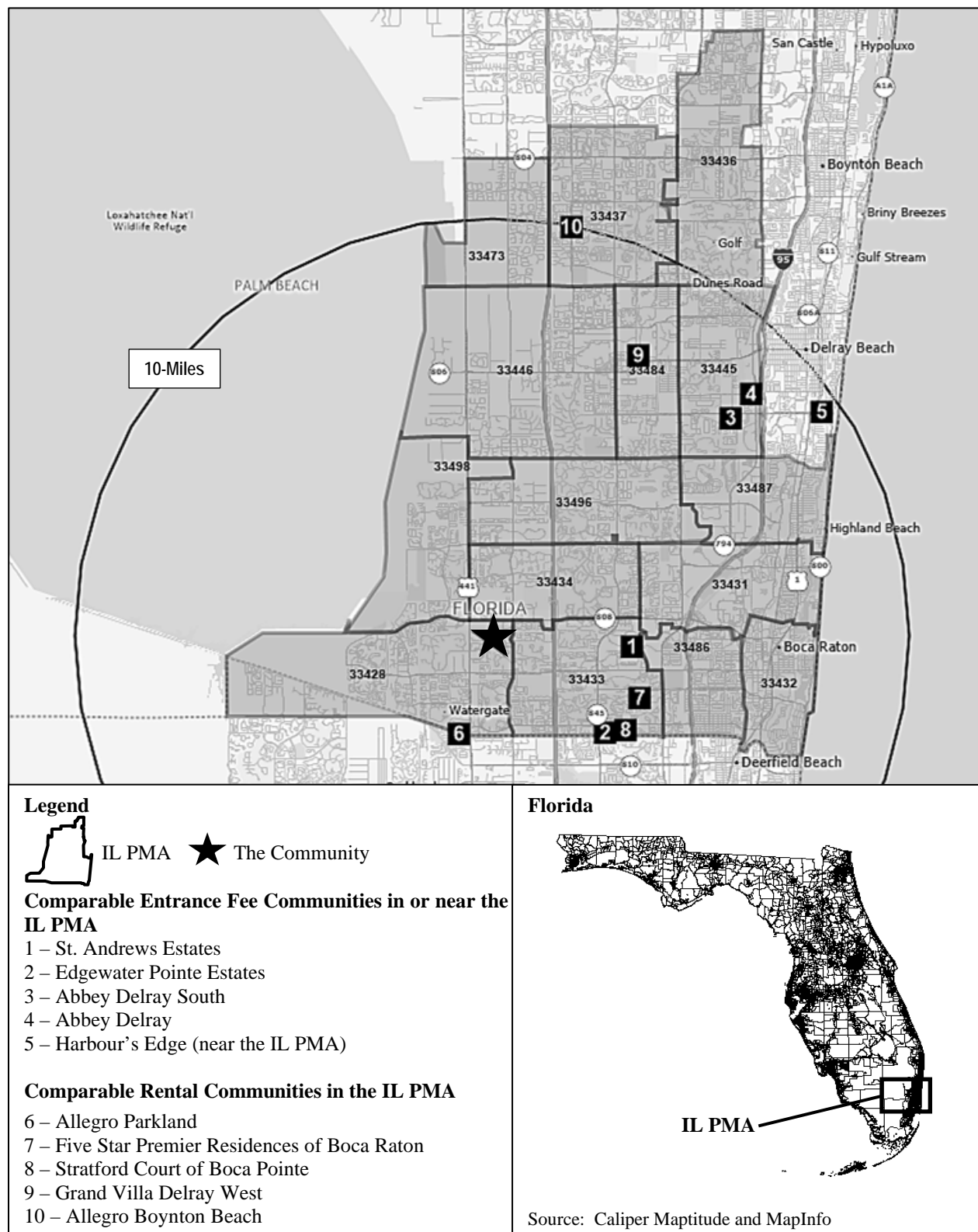
Source: Management

(1) Reflects total number of Residents and Depositors as of June 5, 2020 and July 31, 2020, respectively.

(2) The Community is located in zip code 33428.



The following map depicts the Community, the IL PMA and the comparable independent living communities located within and near the IL PMA.



*Population*

The age distribution of the population in a geographic area is a key factor in the determination of an area's retirement housing needs. The U.S. Census Bureau has compiled demographic data based on the 2010 census. Environics Analytics, a firm that specializes in the analysis of demographic data, has extrapolated the 2010 census information to derive the estimated 2020 figures and projected statistics for 2025. The following table presents population data by age cohort and the anticipated average annual compounded percentage change between 2010 and 2020 and between 2020 and 2025 in the IL PMA, Florida and the United States.

**Table 11**  
**Historical, Estimated and Projected IL PMA,**  
**Florida and United States Populations**

	<b>2010 Population (Census)</b>	<b>2020 Population (Estimated)</b>	<b>2025 Population (Projected)</b>	<b>Compounded Annual Percentage Change 2010 – 2020</b>	<b>Compounded Annual Percentage Change 2020 – 2025</b>
<b><u>IL PMA</u></b>					
Total Population	369,925	417,911	442,470	1.2%	1.1%
Age 65 to 74 Population	47,897	65,159	77,475	3.1%	3.5%
Age 75 to 84 Population	49,151	54,587	57,407	1.1%	1.0%
Age 85 plus Population	24,199	31,840	35,786	2.8%	2.4%
Total 65 plus	121,247	151,586	170,668	2.3%	2.4%
Total 75 plus	73,350	86,427	93,193	1.7%	1.5%
<b><u>Florida</u></b>					
Total Population	18,801,310	21,794,397	23,238,845	1.5%	1.3%
Age 65 to 74 Population	1,727,940	2,615,153	3,193,507	4.2%	4.1%
Age 75 to 84 Population	1,097,537	1,408,364	1,584,816	2.5%	2.4%
Age 85 Plus Population	434,125	586,988	656,754	3.1%	2.3%
Total 65 Plus	3,259,602	4,610,505	5,435,077	3.5%	3.3%
Total 75 Plus	1,531,662	1,995,352	2,241,570	2.7%	2.4%
<b><u>United States</u></b>					
Total Population	308,745,538	330,342,293	341,132,738	0.7%	0.6%
Age 65 to 74 Population	21,713,429	32,674,660	38,885,673	4.2%	3.5%
Age 75 to 84 Population	13,061,122	15,705,772	17,910,384	1.9%	2.7%
Age 85 Plus Population	5,493,433	6,584,557	6,994,842	1.8%	1.2%
Total 65 Plus	40,267,984	54,964,989	63,790,899	3.2%	3.0%
Total 75 Plus	18,554,555	22,290,329	24,905,226	1.9%	2.2%

Source: Environics Analytics

The following table presents the percentage of total population by age group for the IL PMA, Florida and the United States.

<b>Table 12</b>			
<b>Percentage of Total Population by Age Cohort</b>			
<b>2010 (Census)</b>			
	<b>IL PMA</b>	<b>Florida</b>	<b>United States</b>
<u>Age Groupings</u>			
65 plus	32.8%	17.3%	13.0%
75 plus	19.8%	8.1%	6.0%
85 plus	6.5%	2.3%	1.8%
<b>2020 (Estimated)</b>			
	<b>IL PMA</b>	<b>Florida</b>	<b>United States</b>
<u>Age Groupings</u>			
65 plus	36.3%	21.2%	16.6%
75 plus	20.7%	9.2%	6.7%
85 plus	7.6%	2.7%	2.0%
<b>2025 (Projected)</b>			
	<b>IL PMA</b>	<b>Florida</b>	<b>United States</b>
<u>Age Groupings</u>			
65 plus	38.6%	23.4%	18.7%
75 plus	21.1%	9.6%	7.3%
85 plus	8.1%	2.8%	2.1%

Source : Environics Analytics

*Estimated Income Qualified Households within the IL PMA*

In order to qualify for residency in the Independent Living Units, a prospective resident must be at least 62 years of age and demonstrate sufficient financial resources to pay the Entrance Fee, required Monthly Fee and other expenses related to independent living services not provided for in the Residency Agreement. Accordingly, Management has established certain criteria to identify potential residents who are eligible to reside in an Independent Living Unit. In general, Management estimates that prospective independent living residents should have a minimum monthly income of approximately two times the Monthly Fee and an asset level approximately two times the Entrance Fee required to become a Depositor.

For purposes of quantifying the number of income qualified households in the IL PMA, households age 75 or older are considered to be the most likely to establish residency in an Independent Living Unit. The age composition of Depositors as of July 31, 2020 is described in the table below.

<b>Table 13</b>		
<b>Depositor Age Composition upon Move-In to the Community</b>		
<b>Age Upon Move-in</b>	<b>Number of Depositors<sup>(1)</sup></b>	<b>Percent of Depositors</b>
Under 75	3	4.1%
75 and older	70	95.9%
<b>Total</b>	<b>73</b>	<b>100.0%</b>

Source: Management

(1) Includes age information for the 73 primary Depositors upon moving into the New Independent Living Units in 2022.

In addition, the following three annual household income scenarios are presented for estimating the number of income-qualified households in the IL PMA:

- Annual household income approximately \$50,000 or more based on the Monthly Fee for the smallest Existing Independent Living Unit (approximately \$3,400 per month in 2020 dollars); and,
- Annual household income approximately \$75,000 or more based on the Monthly Fee for the smallest New Independent Living Unit (approximately \$4,100 per month in 2020 dollars).
- Annual household income approximately \$100,000 or more based on the weighted average Monthly Fee for a New Independent Living Unit (approximately \$5,200 per month in 2020 dollars).

Of the Depositors, the median annual income is approximately \$222,000 and the median net worth is approximately \$4,593,000, based on self-reported Depositor information provided by Management as of July 31, 2020. The average age of Depositors (first persons) approximates 85 years of age when the New Independent Living Units open in 2022.

The table below illustrates the 2020 estimated and the 2025 projected household income distribution for householders age 65 to 74 and 75 and older in the IL PMA.

**Table 14**  
**Income Qualified Households for Independent Living Services**  
**within the IL PMA**

	<b>2020 (Estimated)</b>		
	<b>65 – 74</b>	<b>75+</b>	<b>Total</b>
Total Households:	37,730	58,254	95,984
<u>Household Income</u>			
Under \$50,000	12,152	32,927	45,079
<u>\$50,000 and over</u>			
\$50,000 – \$74,999	5,975	8,872	14,847
\$75,000 – \$99,999	4,691	5,161	9,852
\$100,000 – \$149,999	5,505	5,459	10,964
\$150,000 plus	9,407	5,835	15,242
Total \$50,000 and over	25,578	25,327	50,905
Percentage of Income Eligible Households to Total Households – \$50,000 and over	67.8%	43.5%	53.0%
Total \$75,000 and over	19,603	16,455	36,058
Percentage of Income Eligible Households to Total Households – \$75,000 and over	52.0%	28.3%	37.6%
Total \$100,000 and over	14,912	11,294	26,206
Percentage of Income Eligible Households to Total Households – \$100,000 and over	39.5%	19.4%	27.3%
	<b>2025 (Projected)</b>		
Total Households:	44,620	62,591	107,211
<u>Household Income</u>			
Under \$50,000	12,236	32,310	44,546
<u>\$50,000 and over</u>			
\$50,000 – \$74,999	6,717	9,705	16,422
\$75,000 – \$99,999	5,400	5,799	11,199
\$100,000 – \$149,999	6,971	6,767	13,738
\$150,000 plus	13,296	8,010	21,306
Total \$50,000 and over	32,384	30,281	62,665
Percentage of Income Eligible Households to Total Households – \$50,000 and over	72.6%	48.4%	58.5%
Total \$75,000 and over	25,667	20,576	46,234
Percentage of Income Eligible Households to Total Households – \$75,000 and over	57.5%	32.9%	43.1%
Total \$100,000 and over	20,267	14,777	35,044
Percentage of Income Eligible Households to Total Households – \$100,000 and over	45.4%	23.6%	32.7%

Source: Environics Analytics

The following table estimates the number of age- and income-qualified households in the IL PMA as estimated in 2020, interpolated for 2022 and projected for 2025 based on the 2010 Census.

**Table 15**  
**Age- and Income-Qualified Households for Independent Living Services in the IL PMA**  
**Years 2020, 2022, and 2025**

	<b>Age 75 and Above</b>		
	<b>2020</b>	<b>2022</b>	<b>2025</b>
Total \$50,000 and over	25,327	27,308	30,281
Percentage of Income Eligible Households to Total Households – \$50,000 and over	43.5%	45.5%	48.4%
Total \$75,000 and over	16,455	18,103	20,576
Percentage of Income Eligible Households to Total Households – \$75,000 and over	28.3%	30.2%	32.9%
Total \$100,000 and over	11,294	12,687	14,777
Percentage of Income Eligible Households to Total Households – \$100,000 and over	19.4%	21.1%	23.6%

Source: Environics Analytics

The following table compares the percentage of age- and income-qualified households to total households for the \$50,000, \$75,000 and \$100,000 income qualification levels for the population age 75 and above within the IL PMA, Florida, and the United States.

**Table 16**  
**Comparison of Income Qualified Households – 2025**

	<b>IL PMA</b>	<b>Florida</b>	<b>United States</b>
Percentage of Income Qualified Households to Total Households – \$50,000	48.4%	41.0%	41.2%
Percentage of Income Qualified Households to Total Households – \$75,000	32.9%	25.0%	25.4%
Percentage of Income Qualified Households to Total Households – \$100,000	23.6%	16.5%	17.1%

Source: Environics Analytics

*Market Area Real Estate*

The ability of potential residents to sell their homes prior to assuming occupancy at the Community may have an impact on the ability of residents to pay the required Entrance Fee. Often, entrance fees are paid with funds received through the sale of a prospective resident's home.

The following table summarizes real estate statistics for single family homes for each zip code included in the IL PMA.

**Table 17**  
**Market Area Real Estate Trends for PMA Zip Codes<sup>(1)</sup>**

Zip Code	2018			2019			2020 <sup>(2)</sup>		
	Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market
33437 – Boynton Beach	629	\$337,260	62	699	\$344,519	57	215	\$351,232	49
33433 – Boca Raton	427	\$429,629	64	381	\$438,021	68	143	\$465,571	60
33496 – Boca Raton	418	\$871,416	116	398	\$865,218	115	168	\$1,020,753	123
33434 – Boca Raton	190	\$524,468	73	195	\$495,078	60	72	\$526,131	65
33487 – Boca Raton	216	\$848,716	99	90	\$926,432	90	72	\$1,081,129	90
33446 – Delray Beach	484	\$704,937	99	512	\$351,648	96	200	\$667,721	83
33432 – Boca Raton	197	\$2,244,936	122	190	\$2,465,108	140	59	\$3,584,842	107
33484 – Delray Beach	193	\$386,967	63	185	\$390,153	70	48	\$443,212	54
33428 – Boca Raton <sup>(3)</sup>	481	\$354,642	55	465	\$381,853	53	128	\$407,416	51
33498 – Boca Raton	308	\$452,045	72	322	\$475,379	71	121	\$507,512	70
33436 – Boynton Beach	621	\$332,727	67	571	\$343,938	65	219	\$331,880	59
33445 – Delray Beach	329	\$405,516	59	302	\$427,088	67	104	\$408,673	66
33473 – Boynton Beach	238	\$586,654	88	233	\$567,846	94	58	\$564,641	80
33431 – Boca Raton	149	\$674,945	69	155	\$721,297	79	50	\$836,144	94
33486 – Boca Raton	317	\$574,421	57	310	\$616,728	63	99	\$602,745	59
<b>Total/Weighted Avg.</b>	<b>5,197</b>	<b>\$572,074</b>	<b>76</b>	<b>5,008</b>	<b>\$547,898</b>	<b>76</b>	<b>1,756</b>	<b>\$659,792</b>	<b>72</b>

Source: SouthEast Florida Multiple Listing Service

(1) Information includes single-family home sales in the IL PMA.

(2) Data is through May 31, 2020.

(3) The Community is located in zip code 33428.

*Continuing Care Regulatory Requirements*

In Florida, continuing care retirement communities are licensed and regulated by the Florida Office of Insurance Regulation (the “OIR”) under Title XXXVII, Chapter 651 of the Florida Statutes. The Florida Statutes define “continuing care” as: “furnishing pursuant to a contract shelter and either nursing care or personal services as defined in Section 400.402, whether such nursing care or personal services are provided in the facility or in another setting designated by the contract for continuing care, to an individual not related by consanguinity or affinity to the provider furnishing such care upon payment of an entrance fee.”

Continuing care retirement communities (“CCRCs”) and LPCs must be licensed with the OIR prior to entering into continuing care contracts. Licensing must include providing financial statements and other information required by the OIR. Annually, audited financial statements and an annual report are required subsequent to initial licensure. The provider is also required to issue a disclosure statement to prospective residents prior to execution of their continuing care contract.

*Comparable Retirement Communities*

Comparable communities include those offering independent living units and at least one level of healthcare services, such as assisted living and/or nursing care for age restricted seniors. Independent living units may be apartments, cottages, and/or free-standing homes where residents have access to on-site amenities, which typically include a choice of dining venues, library, lounge areas, fitness facilities, banking, game room, multi-purpose room, arts and crafts area, hair salon, a chapel, and more. Services typically include a dining program or allowance, housekeeping services, most utilities except telephone, scheduled transportation, activities program, emergency call system in each residence, 24-hour security, interior and exterior maintenance, maintenance of grounds, and healthcare services in on-site assisted living, memory support and/or nursing care facilities.

Management has defined comparable facilities as those facilities that: (i) include independent living services; (ii) provide one or more other levels of care such as assisted living, memory support and/or nursing care services; (iii) offer similar services and amenities as the Community; and/or (iv) compete for similar age- and income-qualified residents.

CCRCs may provide a variety of contracts to residents. Generally, the major distinction in contract types relates to the healthcare benefit and payment of an entrance fee. The most common contract types are as follows:

*Extensive or Life Care Contract (“Type A”)* – Under a Type A contract, a resident typically pays an upfront entrance fee and an ongoing monthly fee in exchange for the right to lifetime occupancy of an independent living unit with certain services and amenities. Residents of independent living who require assisted living or nursing care may transfer to the appropriate level of care and continue to pay essentially the same monthly fee they had been paying for in their residence, or upon permanent transfer, the fee may be adjusted to the weighted average of all monthly service fees. A Type A contract is offered at the Community.

*Modified Life Care Contract (“Type B”)* - Under a Type B contract, the resident also generally pays an upfront entrance fee and an ongoing monthly fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under a Type B contract, the



CCRC typically provides assisted living or skilled nursing care to residents either (a) at a discounted rate on the per diem, e.g., 20 percent discount; (b) a certain number of days per year or per lifetime, e.g., 60-90 days; or, (c) a combination of the two.

*Fee-for-Service Contract ("Type C")* – Type C contracts also generally require an upfront entrance fee and an ongoing monthly fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under the fee-for-service contract, residents who require assisted living or nursing care do not receive any discount on assisted living or skilled nursing services.

*Rental Contract ("Rental")* – Under a Rental contract, the resident signs a lease for the independent living unit selected and pays for various additional services utilized (including assisted living, memory support or nursing) on a monthly basis at prevailing market rates. The resident is not required to pay an entrance fee and the contract term is typically on a month-to-month basis.

The following tables profile the Community and the 10 existing retirement communities located within and near the IL PMA.

**Table 18**  
**Entrance Fee Communities Within and Near the IL PMA**

	The Community	The Phase II Project	St. Andrews Estates	Edgewater Pointe Estates
<b>Location</b>	Boca Raton – 33428		Boca Raton – 33433	Boca Raton – 33433
<b>Miles from the Community In the IL PMA?</b>	– In the IL PMA		4.7 In the IL PMA	6.2 In the IL PMA
<b>Sponsor/Developer</b>	Jewish Federation of South Palm Beach		ACTS Retirement Life – Communities	ACTS Retirement Life – Communities
<b>Year Opened</b>	2016	2022	1978/1983	1983
<b>Type of Contract</b>	Type A		Type A/Type B/Rental	Type A/Type B/Rental
<b>For Profit/Not-for-profit</b>	Not-for-profit		Not-for-profit	Not-for-profit
<b>Unit Configuration</b>				
<i>Independent Living Units (ILUs)</i>				
Studio apartment	–	–	38	17
One-bedroom apartments	71	21	119	70
Two-bedroom apartments	160	90	198	175
Three-bedroom+ apartments	3	–	89	63
Homes/Cottages/Villas	–	–	–	–
<b>Total ILUs</b>	<b>234</b>	<b>111</b>	<b>444</b>	<b>325</b>
<i>Assisted Living Units</i>	48 AL/24 MC	–	72	43
<i>Nursing Care Beds</i>	60	–	89	99
<b>Independent Living</b>				
<i>Square Footage</i>				
Studio apartment	–	–	510	639
One-bedroom apartments	788 – 1,079	880 – 1,336	685	639 – 1,025
Two-bedroom apartments	1,070 – 1,981	1,150 – 3,200	994 – 1,370	1,025 – 1,333
Three-bedroom+ apartments	2,277 – 3,206	–	1,250 – 1,680	1,333
Homes/Cottages/Villas	–	–	–	–
<i>Entrance Fees</i>				
Studio apartment	–	–	\$166,900 – 201,900	\$218,900 – 265,900
One-bedroom apartments	\$455,700 – 527,100	\$520,000 – 792,000	\$166,900 – 397,900	\$218,900 – 454,900
Two-bedroom apartments	\$620,400 – 1,201,200	\$714,000 – 2,105,000	\$324,900 – 512,900	\$374,900 – 532,900
Three-bedroom+ apartments	\$1,359,000 – 1,923,800	–	\$419,900 – 512,900	\$443,900 – 532,900
Homes/Cottages/Villas	–	–	–	–
2 <sup>nd</sup> Person Entrance Fee	\$30,000	\$30,000	\$30,000	\$30,000
<i>Monthly Fees</i>				
Studio apartment	–	–	\$2,534	\$2,584
One-bedroom apartments	\$3,670 – 4,660	\$4,270 – 5,180	\$2,534 – 3,179	\$2,584 – 3,232
Two-bedroom apartments	\$4,770 – 6,600	\$5,000 – 10,280	\$3,179 – 3,555	\$3,232 – 3,609
Three-bedroom+ apartments	\$8,150 – 9,360	–	\$3,555	\$3,609
Homes/Cottages/Villas	–	–	–	–
2 <sup>nd</sup> Person Monthly Fee	\$1,840	\$1,840	\$1,975	\$1,975
<i>Refund Options</i>	80%	80%	0%, 50% (shown)	0%, 50% (shown)
<b>Assisted Living</b>				
<i>Entrance Fee</i>	\$5,000	–	–	–
<i>Monthly Fee</i>	\$5,735 – 6,935	–	\$5,000	\$4,409
<b>Nursing Care</b>				
<i>Daily Rate</i>	\$442	–	\$324 – 354	\$297 – 369
<b>Occupancy Rate</b>				
<i>Independent Living</i>	95%	–	91%	96%
<i>Assisted Living</i>	95%	–	100%	100%
<i>Nursing Care</i>	79%	–	100%	100%

Source: Management, NICMap® Data Service and surveys conducted by Dixon Hughes Goodman LLP (“DHG”) through July 2020.

**Table 18 (continued)**  
**Entrance Fee Communities Within and Near the IL PMA**

	Abbey Delray South	Abbey Delray	Harbour's Edge
<b>Location</b>	Delray Beach – 33445	Delray Beach – 33445	Delray Beach – 33483
<b>Miles from the Community</b>	11.3	12.0	13.3
<b>In the IL PMA?</b>	In the IL PMA	In the IL PMA	Near the IL PMA
<b>Sponsor/Developer</b>	Lifespace Communities	Lifespace Communities	Lifespace Communities
<b>Year Opened</b>	1981	1979/2020	1987
<b>Type of Contract</b>	Type A	Type A	Type A
<b>For Profit/Not-for-profit</b>	Not-for-profit	Not-for-profit	Not-for-profit
<b>Unit Configuration</b>			
<i>Independent Living Units (ILUs)</i>			
Studio	20	28	–
One-bedroom apartments	116	174	61
Two-bedroom apartments	85	112	204
Three-bedroom+ apartments	19	–	1
Homes/Cottages/Villas	44	28	–
<b>Total ILUs</b>	<b>284</b>	<b>342</b>	<b>266</b>
<i>Assisted Living Units</i>	–	48 AL/30 MC	–
<i>Nursing Care Beds</i>	90	100	54
<b>Independent Living</b>			
<i>Square Footage</i>			
Studio apartments	500	495	–
One-bedroom apartments	616 – 891	621 – 919	1,000 – 1,100
Two-bedroom apartments	987 – 1,350	919 – 1,290	1,430 – 2,430
Three-bedroom+ apartments	1,400	–	2,350
Homes/Cottages/Villas	1,400 – 1,732	1,036	–
<i>Entrance Fees</i>			
Studio apartments	\$129,000 – 134,000	\$110,000 – 115,000	–
One-bedroom apartments	\$174,000 – 275,000	\$133,000 – 220,000	\$374,000 – 655,000
Two-bedroom apartments	\$258,000 – 407,000	\$194,000 – 301,000	\$515,000 – 1,441,000
Three-bedroom+ apartments	\$363,000 – 418,000	–	\$1,146,000
Homes/Cottages/Villas	\$372,000 – 436,000	\$265,000 – 292,000	–
2 <sup>nd</sup> Person Entrance Fee	\$20,000	\$20,000	\$26,000
<i>Monthly Fees</i>			
Studio apartments	\$2,540	\$2,280	–
One-bedroom apartments	\$2,840 – 3,440	\$2,900 – 3,300	\$5,129
Two-bedroom apartments	\$3,440 – 4,370	\$3,380 – 3,780	\$5,680 – 7,959
Three-bedroom+ apartments	\$4,070	–	\$8,830
Homes/Cottages/Villas	\$4,070 – 4,370	\$3,650	–
2 <sup>nd</sup> Person Monthly Fee	\$1,600	\$1,640	\$1,940
<i>Refund Options</i>	0%	0%	0% & 75% (shown)
<b>Assisted Living</b>			
<i>Entrance Fee</i>	–	\$3,000	–
<i>Monthly Fee</i>	–	\$3,700 – 4,995	–
<b>Nursing Care</b>			
<i>Daily Rate</i>	\$343 – 414	\$340 – 407	\$335 – 412
<b>Occupancy Rate</b>			
<i>Independent Living</i>	80%	70%	90%
<i>Assisted Living</i>	–	44%	–
<i>Nursing Care</i>	100%	96%	89%

Source: Management, NICMap® Data Service and surveys conducted by DHG through July 2020.

*Notes to Table:***Existing Community**

- (1) The entrance fee shown for the Assisted Living Units and Memory Care Units is for direct admissions.
- (2) The Monthly Fee for the Memory Support Units is \$7,790.
- (3) Three additional levels of care are offered in the Assisting Living Units with the following Monthly Fees (depending on unit type): Level I ranges from \$900 to \$935, Level II ranges from \$1,400 to \$1,455 and Level III ranges from \$1,800 to \$1,870. Medication management is offered in the Assisted Living Units for \$300 per month.
- (4) An additional extended congregate care service is offered in the Memory Support Units for a monthly fee of \$300.
- (5) Occupancy information as of June 30, 2020.

**The Phase II Project**

- (1) Entrance Fees and Monthly Fees shown are effective as of June 1, 2020.

**St. Andrews Estates**

- (1) Entrance fees shown are for the 50 percent refundable plan for comparison to the Community. However, according to Acts, the majority of residents choose the non-refundable Premier plan. The entrance fees for the non-refundable plan are as follows: \$114,900 to \$126,900 for studios, \$114,900 to \$249,900 for one-bedrooms, \$224,900 to \$322,900 for two-bedrooms and \$289,900 to \$322,900 for three-bedrooms. The second person entrance fee is \$30,000. Monthly fees for the non-refundable plan are as follows: \$2,304 for studios, \$2,304 to \$2,890 for one-bedrooms, \$2,890 to \$3,232 for two-bedrooms and \$3,232 for three-bedrooms. The second person monthly service fee is \$1,795 for the non-refundable plan.
- (2) Additional entrance fee plans offered include an “Asset Preservation” plan and an “Income Preservation” plan. The Asset Preservation plan offers lower entrance fees and higher monthly fees while the Income Preservation plan offers higher entrance fees with lower monthly fees. Both the Asset Preservation and the Income Preservation plans are Type A, non-refundable plans. A non-refundable, Type B and a rental plan are also offered.
- (3) The entrance fees under the 50 percent refundable plan are tiered based on the age of the resident. Residents between the ages of 80 and 89 pay a premium equal to approximately 10 percent of the entrance fee amount for residents up to 79 years of age, which is reflected in the upper end of the range of entrance fees shown.
- (4) St. Andrews rarely accepts direct admissions into the assisted living and nursing units at the community. Independent living residents receive priority access to the assisted living and nursing units and most units are filled through internal transfers. Assisted living residents are assessed to determine the amount of care required and can go up to an additional \$2,000 per month.

**Edgewater Pointe Estates (“Edgewater Pointe”)**

- (1) Entrance fees shown are for the 50 percent refundable plan for comparison to the Community. However, according to ACTS, the majority of residents choose the non-refundable plan. The entrance fees for the non-refundable plan are as follows: \$150,900 to \$166,900 for studios, \$150,900 to \$285,900 for one-bedrooms, \$258,900 to \$334,900 for two-bedrooms and \$305,900 to \$334,900 for three-bedrooms. The second person entrance fee is \$30,000. Monthly fees for the non-refundable plan are as follows: \$2,349 for studios, \$2,349 to \$2,938 for one-bedrooms, \$2,938 to \$3,281 for two-bedrooms and \$3,281 for three-bedrooms. The second person monthly service fee is \$1,795 for the non-refundable plan.
- (2) Additional entrance fee plans offered include an “Asset Preservation” plan and an “Income Preservation” plan. The Asset Preservation plan offers lower entrance fees and higher monthly fees while the Income Preservation plan offers higher entrance fees with lower monthly fees. Both the Asset Preservation and the Income Preservation plans are Type A, non-refundable plans. A non-refundable, Type B and a rental plan are also offered.
- (3) The entrance fees under the 50 percent refundable plan are tiered based on the age of the resident. Residents between the ages of 80 and 89 pay a premium equal to approximately 10 percent of the entrance fee amount for residents up to 79 years of age which is reflected in the upper end of the range of entrance fees shown.
- (4) Edgewater Pointe rarely accepts direct admissions into the assisted living and nursing units at the community. Independent living residents receive priority access to the assisted living and nursing units and most units are filled through internal transfers.

*Notes to Table (Continued):***Abbey Delray South**

- (1) The daily fee shown for the nursing beds at Abbey Delray South is for direct admissions only. Life care residents moving from independent living to nursing would pay an equalized rate of \$3,660 per month, which includes the cost of two additional meals, plus ancillary fees.

**Abbey Delray**

- (1) An expansion project was completed in December 2019 that included a new clubhouse, performing arts center, dining venues and new assisted living and memory support suites.
- (2) The new assisted living and memory support suites opened for occupancy in February 2020 and are still in fill-up.
- (3) The assisted living monthly fees and nursing daily rates are for direct admissions. Three additional levels of care are available in the assisted living units with monthly fees as follows: Level I is \$400, Level II is \$800 and Level III is \$1,200. The second person monthly fee for the assisted living units is \$2,195.
- (4) The monthly fee for a direct admission into the memory support units is \$6,495. The fee is all-inclusive of care. The one-time non-refundable community fee is \$4,000.

**Harbour's Edge**

- (1) Due to its close proximity to the IL PMA and similar pricing structure to the Community, all existing independent living units at Harbour's Edge are included in the penetration rate analysis that follows.
- (2) The independent living occupancy has been impacted by COVID-19. Typical independent living occupancy is 97 percent.
- (3) The entrance fees shown are for the 75 percent refundable plan. The entrance fees for the non-refundable plan are as follows: \$270,000 to \$471,000 for one-bedrooms, \$370,000 to \$1,037,000 for two-bedrooms and \$824,000 for a three-bedroom. Monthly fees for the non-refundable plan are the same as the 75 percent refundable plan.
- (4) The daily fee shown for the nursing beds at Harbour's Edge is for direct admissions only. Life care residents moving from independent living to nursing would pay the equalized monthly fee of \$5,870.

**Table 19**  
**Rental Communities within the IL PMA**

	<b>Allegro Parkland</b>	<b>Five Star Premier Residences of Boca Raton</b>	<b>Stratford Court of Boca Pointe</b>
<b>Location</b>	Parkland – 33067	Boca Raton – 33433	Boca Raton – 33433
<b>Miles from the Community</b>	3.5	5.9	6.3
<b>Sponsor/Developer</b>	Allegro Senior Living	Five Star Senior Living	Sunrise Senior Living
<b>Year Opened</b>	2020	1990	1994
<b>For Profit/Not-for-profit</b>	For Profit	For Profit	For Profit
<b>Unit Configuration</b>			
<i>Independent Living Units (ILUs)</i>			
Studio apartments	1	–	15
One-bedroom apartments	51	93	150
Two-bedroom apartments	23	61	145
<b>Total ILUs</b>	<b>75</b>	<b>154</b>	<b>310</b>
<i>Assisted Living Units</i>	50 AL/25 MC	60	90 AL/18 MC
<i>Nursing Care Beds</i>	–	–	53
<b>Independent Living</b>			
<i>Square Footage</i>			
Studio apartments	563	–	484
One-bedroom apartments	631 – 830	620 – 830	602 – 730
Two-bedroom apartments	973 – 1,012	1,052 – 1,113	893 – 1,119
<i>Monthly Fees</i>			
Studio apartments	\$3,675	–	\$2,386
One-bedroom apartments	\$3,925 – 4,155	\$3,500 – 4,050	\$2,410 – 3,650
Two-bedroom apartments	\$5,800 – 6,000	\$4,650 – 4,900	\$3,218 – 4,200
2 <sup>nd</sup> Person Monthly Fee	\$1,000	\$800	\$600
<i>Community Fee</i>	\$3,000	Equal to one month's rent	\$3,000
<b>Assisted Living</b>			
<i>Community Fee</i>	\$3,000	\$2,500	\$3,000
<i>Monthly Fee</i>	\$4,675 – 7,050	\$3,450 – 4,200	\$2,312 – 3,528
<b>Nursing Care</b>			
<i>Daily Rate</i>	–	–	\$320 – 350
<b>Occupancy Rate</b>			
<i>Independent Living</i>	50%	99%	96%
<i>Assisted Living</i>	50%	93%	92%
<i>Nursing Care</i>	–	–	94%

Source: NICMap® Data Service and surveys conducted by DHG through July 2020.

**Table 19 (continued)**  
**Rental Communities within the IL PMA**

	<b>Grand Villa Delray West</b>	<b>Allegro Boynton Beach</b>
<b>Location</b>	Delray Beach – 33484	Boynton Beach – 33437
<b>Miles from the Community</b>	11.1	12.7
<b>Sponsor/Developer</b>	Senior Management Advisors	Allegro Senior Living
<b>Year Opened</b>	1987	2015
<b>For Profit/Not-for-profit</b>	For Profit	For Profit
<b>Unit Configuration</b>		
<i>Independent Living Units (ILUs)</i>		
Studio apartments	18	8
One-bedroom apartments	69	57
Two-bedroom apartments	10	2
<b>Total ILUs</b>	<b>97</b>	<b>67</b>
<i>Assisted Living Units</i>	96 AL/32 MC	44 AL/25 MC
<i>Nursing Care Beds</i>	–	–
<b>Independent Living</b>		
<i>Square Footage</i>		
Studio apartments	385	469
One-bedroom apartments	535	655 – 980
Two-bedroom apartments	727	983 – 1,080
<i>Monthly Fees</i>		
Studio apartments	\$3,275	\$4,100
One-bedroom apartments	\$3,975	\$4,700 – 6,650
Two-bedroom apartments	\$3,875	\$6,750
2 <sup>nd</sup> Person Monthly Fee	\$700	\$800
<i>Community Fee</i>	\$2,500	\$7,500
<b>Assisted Living</b>		
<i>Community Fee</i>	\$2,500	\$7,500
<i>Monthly Fee</i>	\$3,575 – 4,975	\$5,450 – 7,400
<b>Nursing Care</b>		
<i>Daily Rate</i>	–	–
<b>Occupancy Rate</b>		
<i>Independent Living</i>	97%	91%
<i>Assisted Living</i>	95%	100%
<i>Nursing Care</i>	–	–

Source: NICMap® Data Service and surveys conducted by DHG through July 2020.

*Notes to Table:***Allegro Parkland**

- (1) The second person monthly fee in the assisted living units is \$1,100.
- (2) In addition to the base rates shown, four additional levels of care are offered in the assisted living units with monthly fees ranging from \$425 to \$1,500.
- (3) The monthly fees for the memory support units range from \$7,000 to \$7,455. The fees are all-inclusive of care.
- (4) Allegro Parkland opened in February 2020. After initial move-ins, the facility closed to all new admissions until June 2020 due to COVID-19.

**Five Star Premier Residences of Boca Raton (“Premier Residences”)**

- (1) The second person monthly fee for the assisted living units is \$1,000 plus incremental level of care fees.
- (2) In addition to the base rates shown, four levels of care are offered in the assisted living units with monthly fees of \$225, \$450, \$1,015 and \$1,240, respectively. Medication administration fees are \$205 and \$340 per month depending on the number and complexity of the medications.

**Stratford Court of Boca Pointe (“Stratford Court”)**

- (1) In addition to the base rates shown, four levels of care are offered in the assisted living units for monthly fees of \$600, \$1,230, \$2,220 and \$3,120, respectively. The average cost for memory support including care is \$6,500 per month and the maximum cost including care is \$9,400 per month. Medication administration ranges from \$450 to \$750 per month. Incontinence services ranges from \$152 to \$456 per month.
- (2) Currently operating 32 nursing beds as a result of COVID-19.

**Grand Villa of Delray Beach West**

- (1) In addition to the base rates shown, additional levels of care are offered in the assisted living and memory support units with monthly fees up to \$1,500 and \$800, respectively.
- (2) The monthly fee for a companion suite in memory support is \$4,125.

**Allegro Boynton Beach**

- (1) The second person monthly fee in the assisted living units is \$800.
- (2) In addition to the base rates shown, four additional levels of care are offered in the assisted living units with monthly fees ranging from \$875 to \$1,600.
- (3) The monthly fee for private memory support units is \$6,250 to \$6,450 and the monthly fee for a companion suite is \$4,450. Two levels of care are available in the memory support units with monthly fees of \$1,600 and \$1,800, respectively.



*Non-Comparable Independent Living Communities*

The following table profiles four rental independent living communities within the IL PMA that are not considered to be comparable to the Community due to pricing, the limited number of independent living units and/or lack of healthcare services. These communities are shown for informational purposes only and are not included in the penetration rate analyses that follow.

**Table 20**  
**Non-Comparable Independent Living Communities within the IL PMA**

Community	Distance from the Community	Year Opened	Profit Status	Number of Units				IL Occupancy	IL Monthly Fees
				IL	AL	MC	NB		
The Veranda Club	5.3	1987	FP	96	90	–	–	97%	\$1,995 – 3,270
Advent Square	9.0	1978	NFP	24	13			96%	\$2,250
The Phoenix Delray	9.3	2014	FP	145	–	–	–	88%	\$2,975 – 5,500
Windward Palms	17.4	2007	FP	121	–	–	–	74%	\$1,979 – 3,304

Source: NIC MAP® Data Service, July 2020.

FP = For-Profit NFP = Not-for-Profit

*Comparable Retirement Communities Planned or Under Development within the IL PMA*

Based on discussions with representatives of the local planning and permitting agencies and interviews with management at existing retirement communities, other than the New Independent Living Units, two new independent living projects are planned in the IL PMA.

**Concierge Senior Living** is a planned retirement community to be located at 22 Southeast Sixth Street in Boca Raton, approximately nine miles southeast of the Community. The project site, which originally housed a medical office building, is being developed by Group P6 with Charter Senior Living as the manager. The project has received approval and construction is expected to begin in August 2020. The nine-story building is expected to include 42 rental independent living units, 26 assisted living units and 20 memory support units. The project is being marketed as luxury senior housing and amenities are expected to include a restaurant, spa, salon and rooftop swimming pool.

**Green Cay Village** is a planned retirement community to be located at 12747 South Jog Road in Boynton Beach, approximately 16 miles northeast of the Community, currently under development by Big Rock Partners. The 15-acre site is to include a three-story building that is expected to include 185 rental independent living units in one- and two-bedroom configurations, 55 assisted living units and 44 memory support units. Amenities are to include a theater, fitness center, pool, yoga studio, game rooms, computer center and library. Planning is underway with construction start date to be released. Construction completion is anticipated in 2021.

*Summary of Independent Living Units*

There are 2,364 existing independent living units at the 10 retirement communities located within or near the IL PMA. Including the 234 Existing Independent Living Units, 111 New Independent Living Units and the 227 independent living units planned at Concierge Senior Living and Green Cay Village, the total number of existing and planned independent living units within or near the IL PMA is 2,936. The average occupancy of the independent living units in the IL PMA is 87 percent (88 percent excluding Allegro Parkland which is currently in fill-up).

**Table 21**  
**Summary of Existing and Planned Comparable Independent Living Units**  
**within and near the IL PMA**

Comparable Retirement Communities	Existing	Planned	Total
<i><b>Entrance Fee Communities</b></i>			
St. Andrews Estates	444	—	444
Edgewater Pointe	325	—	325
Abbey Delray South	284	—	284
Abbey Delray	342	—	342
Harbour's Edge (near the IL PMA) <sup>(1)</sup>	266	—	266
Subtotal Entrance Fee Units	1,661	—	1,661
<i><b>Rental Communities</b></i>			
Allegro Parkland	75	—	75
Premier Residences	154	—	154
Stratford Court	310	—	310
Grand Villa Delray West	97	—	97
Allegro Boynton Beach	67	—	67
Concierge Senior Living	—	42	42
Green Cay Village	—	185	185
Subtotal Rental Units	703	227	930
<b>Total Comparable Units</b>	<b>2,364</b>	<b>227</b>	<b>2,591</b>
The Community/Project	234	111	345
<b>Total Existing and Planned Comparable Independent Living Units</b>	<b>2,598</b>	<b>338</b>	<b>2,936</b>

Source: Management and surveys conducted by DHG through July 2020.

- (1) Harbour's Edge is located outside the IL PMA. Due to its close proximity to the IL PMA and similar pricing structure to the Community, all existing independent living units at Harbour's Edge are included in the penetration rate analysis that follows.

### *Independent Living Penetration Analysis*

Penetration rates are one measure of the degree to which the IL PMA is either under-served or saturated. As penetration rates increase, units may become more difficult to fill. However, higher penetration rates may not necessarily be an indication of the difficulty in achieving expected occupancy levels. Some markets may have a higher acceptance level for senior living housing options and may support higher penetration rates. Three penetration rate calculations are shown in the following tables:

*Project Penetration Rate* – The Project Penetration Rate is the percentage of age- and income-qualified households in the IL PMA that the **Project** is expected to capture in order to achieve stabilized occupancy in the year of opening. The Project Penetration Rate is calculated by dividing the number of New Independent Living Units by the number of age- and income-qualified households in the IL PMA. Seniors currently living in competitive independent living units in the IL PMA are subtracted from the pool of age- and income-qualified households. Calculations are based on demographics interpolated for the year the New Independent Living Units are expected to be available for occupancy (2022).

*Net Market Penetration Rate (Absorption Rate)* – The Net Market Penetration Rate is the percentage of age- and income-qualified households that the **available units in the market** are expected to capture in order for the entire market to achieve stabilized occupancy in the year of opening. The Net Market Penetration Rate is calculated by dividing the number of available independent living units in the IL PMA by the number of age- and income-qualified households in the IL PMA. Available units include the New Independent Living Units, proposed units at other communities and units becoming available due to attrition. This calculation is of particular significance when more than one project is entering the market during the same timeframe. Calculations are based on demographics interpolated for the year the New Independent Living Units are expected to be available for occupancy (2022).

*Gross Market Penetration Rate* – The Gross Market Penetration Rate is the percentage of age- and income-qualified households that the **total market** must absorb for the entire market to achieve stabilized occupancy. Market penetration is calculated by dividing the total number of existing and planned independent living units in the IL PMA by the number of age- and income-qualified households in the IL PMA. Calculations are based on demographics for the current year (2020) and projected year (2025).

In all three calculations, the total independent living units are adjusted to reflect assumptions about the percentage of units expected to be filled from qualified households in the IL PMA and occupancy.

These rates should be considered in conjunction with each other and other market factors such as occupancy levels at existing communities within and near the IL PMA, the number of proposed facilities in the IL PMA, the design of the units and community spaces at the Community, alternatives for potential residents, and marketing plans and efforts of Management.

The following table represents the Project Penetration Rates which represent the percentage of age- and income-qualified households in the IL PMA the New Independent Living Units are expected to capture upon opening in order to achieve stabilized occupancy, assuming annual household incomes of \$75,000 and over and \$100,000 and over, based upon demographic projections for 2022.

**Table 22**  
**Project Penetration Rates – 2022**

	<b>Income \$75,000 and Above</b>	<b>Income \$100,000 and Above</b>
<b>Age 75 and Above</b>		
Planned units at the Phase II Project	111	111
Percentage of units to be filled from the IL PMA <sup>(1)</sup>	80%	80%
Planned units to be filled from the IL PMA	89	89
Percentage of units to be filled by age 75 and older <sup>(1)</sup>	95%	95%
Planned units to be filled by age 75 and older	85	85
<b>Total units at the Phase II Project to be filled at 93% occupancy<sup>(2)</sup> (a)</b>	<b>79</b>	<b>79</b>
Number of age- and income-qualified households <sup>(3)</sup>	18,103	12,687
Less: Existing inventory of available comparable units <sup>(4)</sup>	(2,543)	(2,543)
<b>Net number of age- and income-qualified households (b)</b>	<b>15,560</b>	<b>10,144</b>
<b>Project Penetration Rates (a/b)</b>	<b>0.5%</b>	<b>0.8%</b>

Source: Management and Environics Analytics

- (1) Based upon Resident and Depositor information provided by Management as of June 5, 2020 and July 31, 2020, respectively.
- (2) Reflects the 95 percent forecasted stabilized occupancy of the New Independent Living Units.
- (3) Interpolated using 2020 estimated and 2025 projected population statistics as provided by Environics Analytics.
- (4) Reflects the 2,598 existing comparable units (including the Community) and the 227 planned comparable units in the IL PMA based on a 90 percent occupancy (2,543 units).

The following table presents the Net Market Penetration Rates for the year of the New Independent Living Units are planned to open, and indicate the percentage of the age- and income-qualified households in the IL PMA that must be absorbed in order to fill the available units during that year, based upon demographic projections for 2022.

**Table 23**  
**Net Market Penetration Rates – 2022**

	<b>Income \$50,000 and Above</b>	<b>Income \$75,000 and Above</b>	<b>Income \$100,000 and Above</b>
<b>Age 75 and Above</b>			
Planned units in the IL PMA:			
The Phase II Project	111	111	111
Other planned units <sup>(1)</sup>	227	227	227
Total planned units	338	338	338
Percent of units to be occupied by age 75 and older <sup>(2)</sup>	95%	95%	95%
Total planned units to be occupied by age 75 and older	321	321	321
Total planned units to be occupied at 90% occupancy from the IL PMA	289	289	289
Unoccupied existing comparable units to be filled within the IL PMA <sup>(3)</sup>	46	46	46
Total existing units available due to attrition <sup>(4)</sup>	368	368	368
Total units to be occupied	703	703	703
Percent of units to be occupied from the IL PMA <sup>(2)</sup>	80%	80%	80%
<b>Total units to be occupied from within the IL PMA by 75 and older (a)</b>	<b>562</b>	<b>562</b>	<b>562</b>
Estimated number of age- and income-qualified households <sup>(5)</sup>	27,308	18,103	12,687
Less: Existing inventory of available comparable units <sup>(6)</sup>	(2,338)	(2,338)	(2,338)
<b>Estimated number of age- and income-qualified households (b)</b>	<b>24,970</b>	<b>15,765</b>	<b>10,349</b>
<b>Net Market Penetration Rates (a/b)</b>	<b>2.3%</b>	<b>3.6%</b>	<b>5.4%</b>

Source: Management and Environics Analytics

(1) In addition to the New Independent Living Units, there are 227 planned independent living units in the IL PMA.

(2) Based upon Resident and Depositor information provided by Management as of June 5, 2020 and July 31, 2020, respectively.

(3) Based on the occupancy of the existing independent living units at the existing providers in the IL PMA (including the Community), 46 additional existing units would need to be filled to achieve 90 percent occupancy at comparable existing communities in the IL PMA.

(4) Reflects the 1,895 existing entrance fee units in the IL PMA (including the Community) at 90 percent occupancy, assuming 13.1 percent attrition (223 units) and 703 rental units in the IL PMA at 90 percent occupancy, assuming 22.9 percent attrition (145 units) for a total of 368 units. (Source: State of Seniors Housing, 2012).

(5) Interpolated using 2020 estimated and 2025 projected population statistics as provided by Environics Analytics.

(6) Reflects the 2,598 existing comparable units (including the Community) in the IL PMA based on a 90 percent occupancy (2,338 units).

The following table presents the Gross Market Penetration Rates, which represent the percentage of age- and income-qualified households in the IL PMA that the entire market is expected to capture when the entire market has reached stabilized occupancy, based upon demographic projections for 2020 and 2025.

**Table 24**  
**Gross Market Penetration Rates**  
**Age 75 and Above**

	Income \$50,000 and Above		Income \$75,000 and Above		Income \$100,000 and Above	
	2020	2025	2020	2025	2020	2025
Market inventory of retirement communities:						
Phase II Project	—	111	—	111	—	111
Existing Community	234	234	234	234	234	234
Comparable retirement communities						
Existing units	2,364	2,364	2,364	2,364	2,364	2,364
Proposed units <sup>(1)</sup>	—	227	—	227	—	227
Total units in the IL PMA	2,598	2,936	2,598	2,936	2,598	2,936
Percent of units to be occupied from the IL PMA <sup>(2)</sup>	80%	80%	80%	80%	80%	80%
Total units to be occupied from the IL PMA	2,078	2,349	2,078	2,349	2,078	2,349
<b>Total units to be filled at 90% occupancy (a)</b>	<b>1,870</b>	<b>2,114</b>	<b>1,870</b>	<b>2,114</b>	<b>1,870</b>	<b>2,114</b>
<b>Number of age- and income-eligible households (b)</b>	<b>25,327</b>	<b>30,281</b>	<b>16,455</b>	<b>20,576</b>	<b>11,294</b>	<b>14,777</b>
<b>Gross Market Penetration Rates (a/b)</b>	<b>7.4%</b>	<b>7.0%</b>	<b>11.4%</b>	<b>10.3%</b>	<b>16.6%</b>	<b>14.3%</b>

Source: Management and Environics Analytics

(1) In addition to the New Independent Living Units, there are 227 planned independent living units in the IL PMA.

(2) Based upon Resident and Depositor information provided by Management as of June 5, 2020 and July 31, 2020, respectively.

**Marketing the New Independent Living Units**

The success of the Community is dependent, in part, on Management's ability to achieve specified pre-sales, fill-up rates and turnover rates for the New Independent Living Units. Management began accepting \$1,000 non-binding priority deposit agreements on the New Independent Living Units in May 2019 and began converting priority deposits to Entrance Fee Deposits in July 2019.

As of July 31, 2020, 73 Depositors had reserved 73 New Independent Living Units (net of cancellations) out of a total of 111 New Independent Living Units, or approximately 66 percent of the total New Independent Living Units.

The following table presents the total number of New Independent Living Units reserved by month reported by Management, as of July 31, 2020.

<b>Table 25</b>					
<b>Marketing of the New Independent Living Units</b>					
<b>Year</b>	<b>Number of Units Reserved</b>	<b>Number of Cancellations/ Refunds</b>	<b>Net Reservations for Month</b>	<b>Cumulative Units Reserved</b>	<b>Cumulative Percentage of Total Units</b>
<b>2019:</b>					
July <sup>(1)</sup>	24	—	24	24	21.6%
August	18	—	18	42	37.8%
September	4	—	4	46	41.4%
October	2	—	2	48	43.2%
November	5	—	5	53	47.7%
December	4	(1)	3	56	50.5%
<b>2020:</b>					
January	5	—	5	61	55.0%
February	3	—	3	64	57.7%
March	3	(2)	1	65	58.6%
April	3	(1)	2	67	60.4%
May	2	(1)	1	68	61.3%
June	2	—	2	70	63.1%
July <sup>(2)</sup>	4	(1)	3	73	65.8%
<b>Total</b>	<b>79</b>	<b>(6)</b>	<b>73</b>	<b>73</b>	<b>65.8%</b>

Source: Management

(1) Conversion of priority list to Depositors began July 2019.

(2) Information as of July 31, 2020.

The following table presents the total number and type of New Independent Living Units available in relation to the New Independent Living Units reserved with an Entrance Fee Deposit as of July 31, 2020.

**Table 26**  
**Inventory of New Independent Living Units**

<b>Unit Type</b>	<b>Square Footage</b>	<b>Total Units</b>	<b>Number of Units Sold</b>	<b>Percentage of Available Units Sold</b>
<b>One Bedroom Apartments:</b>				
Amalfi (1 BR/1.5 BA/Balcony)	880	6	4	66.7%
Barcelona (1 BR/1.5 BA/Den/Balcony)	1,000	14	10	71.4%
Bellagio (1 BR/1.5 BA/Den)	1,336	1	1	100.0%
<b>Two Bedroom Apartments</b>				
Corsica (2 BR/2 BA/Balcony)	1,150	26	11	42.3%
Haifa (2 BR/2.5 BA/Balcony)	1,215	16	3	18.8%
Ibiza (2 BR/2.5 BA/Balcony)	1,440	12	11	91.7%
Lisbon (2 BR/2.5 BA/Balcony)	1,500	6	5	83.3%
Mallorca (2 BR/2.5 BA/Den/Balcony)	1,550	20	19	95.0%
Positano (2 BR/2.5 BA/Den/Sunroom/2 Balconies)	2,025	4	4	100.0%
Santorini (2 BR/2.5 BA/Den/Office/Balcony)	2,370	3	3	100.0%
Tel Aviv (2 BR/2.5 BA/Balcony)	2,500	2	1	50.0%
Valencia (2 Bed/2.5 Bath/Office/2 Balconies)	3,200	1	1	100.0%
<b>Total New Independent Living Units</b>		<b>111</b>	<b>73</b>	<b>65.8%</b>

Source: Management



*Independent Depositor Confirmation*

An independent confirmation process was performed by DHG through an electronic survey to the 73 Depositors (reserving 73 New Independent Living Units). Depositor surveys were distributed beginning on June 25, 2020. As of August 5, 2020, 71 of the 73 Depositors (97 percent) responded to the survey. One Depositor who responded to the survey declined to participate in the survey process. The following information was compiled for the 70 completed questionnaires.

- 70 (100 percent) of the respondents indicated that they had paid an Entrance Fee Deposit for their New Independent Living Unit.
- 65 (93 percent) indicated that they intend to reside in a New Independent Living Unit and five (seven percent) indicated that they were unsure whether they would reside in a New Independent Living Unit.
- 32 (46 percent) indicated that they expect to reside alone and 38 (54 percent) indicated that they expect to reside with a spouse, relative or friend or were unsure.
- 62 (89 percent) indicated that they currently own their home and 34 (55 percent) of the 62 respondents who own their home indicated that they expect to use the proceeds from the sale of their home to pay the balance of their Entrance Fee upon moving into a New Independent Living Units.
- Two (three percent) of the respondents indicated they had reserved an independent living unit or were on a waiting list of a competitive community. One of these respondents indicated that they intend to reside in a New Independent Living Unit and the other respondent was unsure whether he or she would reside in a New Independent Living Unit.

The following table indicates how respondents intend to pay the balance of their Entrance Fee:

<b>Table 27</b>		
<b>Payment on Balance of Entrance Fee</b>		
	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
Using cash reserves or savings	47	67.1%
Using proceeds from the sale of home	34	48.6%
Using proceeds from the sale of investments	28	40.0%
Other/did not respond	5	7.1%

Source: Questionnaire responses

(1) Respondents were given the option of choosing more than one method of paying the balance of their Entrance Fee.

Respondents indicated the following as to how soon they intend to move into their New Independent Living Unit after it becomes available:

**Table 28**  
**Move-ins After Unit Becomes Available**

	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
1 – 30 days	14	20.0%
31 – 60 days	12	17.2%
61 – 90 days	5	7.1%
After the sale of home	18	25.7%
Other/did not respond	21	30.0%
<b>Total</b>	<b>70</b>	<b>100.0%</b>

Source: Questionnaire responses

Respondents indicated their primary reason(s) for choosing the New Independent Living Units as follows:

**Table 29**  
**Project Suitability**

	<b>Number of Respondents<sup>(1)</sup></b>	<b>Percentage of Respondents</b>
Reputation of Sinai Residences	58	82.9%
Social activities	51	72.9%
Access to healthcare	45	64.3%
Geographic location	43	61.4%
Proximity to friends and relatives	35	50.0%
Other/did not respond	9	12.9%

Source: Questionnaire responses

(1) Respondents were given the option of choosing more than one reason for choosing a New Independent Living Unit.

*Depositor File Vouching*

DHG read Management's policies and procedures for accepting Depositors and confirmed that each Depositor met Management's criteria. DHG performed the following procedures regarding the 73 Depositors (73 New Independent Living Units) for the New Independent Living Units:

- Confirmed 100 percent to have a Reservation Agreement executed by both the Depositor(s) and the Corporation;
- Confirmed 100 percent to include copies of a deposit check equal to the Entrance Fee Deposit for the selected New Independent Living Unit and plan;
- Confirmed 100 percent that the amount of the Entrance Fee and the Monthly Fee matched the New Independent Living Unit and plan selected; and
- Based on reported income and asset levels, confirmed that 100 percent of the Depositors either met Management's asset and income qualification test, or displayed sufficient financial resources as approved by Management.

In addition to the above, DHG reconciled the Entrance Fee Deposits to an escrow account statement through July 31, 2020.

The following table presents information regarding the self-reported net worth (including home values) before payment of the Entrance Fee and estimated annual income of the 73 Depositors as of July 31, 2020.

**Table 30**  
**Reported Annual Income and Net Worth of Depositors**

Annual Income	Net Worth					Total	Percent of Total
	Not available <sup>(1)</sup>	Less than \$2,500,000	\$2,500,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and greater		
Not available <sup>(1)</sup>	1	—	1	—	1	3	4.1%
Less than \$100,000	—	5	2	1	—	8	11.0%
\$100,000 to \$199,999	—	4	13	5	1	23	31.5%
\$200,000 to \$299,999	—	1	8	6	—	15	20.5%
\$300,000 to \$399,999	—	—	—	3	4	7	9.6%
\$400,000 and greater	—	2	5	2	8	17	23.3%
Total <sup>(2)</sup>	1	12	29	17	14	73	
Percent of Total	1.4%	16.4%	39.7%	23.3%	19.2%	100.0%	

Source: Depositor applications

(1) One Depositor has a guarantor; therefore, annual income and net worth was not available for one Depositor.

(2) The median net worth amount of the 72 Depositors who reported their financial information is approximately \$4,593,000 and the median annual income amount is approximately \$222,000.

**Description and Utilization of Assisted Living**

Assisted Living Facilities are licensed under Chapter 429, Part I, of the Florida Statutes and Florida Administrative Code Chapter 59A–36. The Florida Agency for Health Care Administration (the “Agency”) regulates assisted living facilities. Assisted Living Facilities are defined as “any building or buildings, section or distinct part of a building, private home, boarding home, home for the age, or other residential facility, regardless of whether operated for profit, which through its ownership and management provides housing, meals, and one or more personal services for a period exceeding 24 hours to one or more adults who are not relatives or the owner or administrator.”

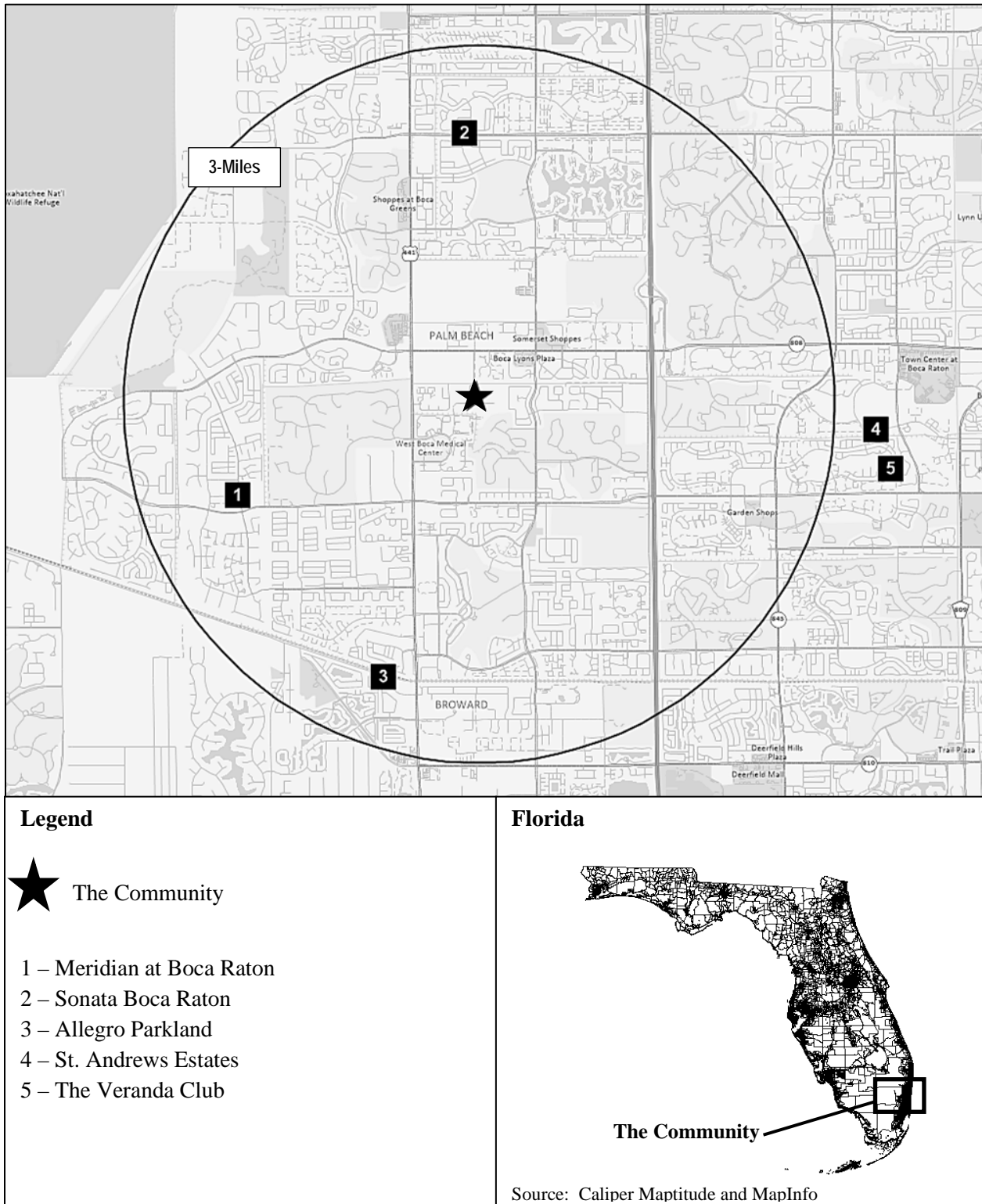
A Certificate of Need is not required in order to license and operate assisted living facilities in Florida. Assisted living facility licenses are not transferable. The Agency must be notified 60 days prior to an ownership change and follow the established procedures during the transition period in order to be eligible for a new license.

Assisted living facilities must be initially licensed as a standard “Assisted Living Facility” and may further obtain a specialty license to provide Limited Nursing Services (“LNS”), Extended Congregate Care (“ECC”) or Limited Mental Health (“LMH”) services. The Agency licenses and regulates facilities which provide assisted living services. LNS providers are able to provide routine nursing services, such as the care of dressings, casts, braces and splints, as long as such services are not complex enough to require 24-hour nursing supervision. Facilities licensed as ECC providers can provide residents with personal care, administration of medications, assistance with activities of daily living and limited nursing care. ECC providers may provide total assistance with up to three activities of daily living. ECC providers enable residents to age in place in a residential environment despite mental or physical limitations, which creates a higher level of care, and therefore, requires an additional license for these services. A LMH specialty license allows facilities to serve low income, chronically mentally ill residents. For the purposes of this report, the general industry term “assisted living” includes Assisted Living Facilities, LNS and ECC providers. For purposes of licensure, Memory Support Units are considered “assisted living.”

The Assisted Living Facilities with a majority of residents receiving subsidies and facilities with fewer than 20 units are not considered to be comparable with the Community due to the small size of these facilities and their typical low fee structure.

Assisted Living Communities Near the Community

The following map depicts the Community and the five closest assisted living and memory support communities to the Community.



The following table identifies the Community and the closest five closest existing assisted living and memory support communities to the Community and summarizes the number of units, the percentage occupied and current monthly fees based on surveys conducted through July 2020.

**Table 31**  
**Comparable Assisted Living Facilities near the Community**

Facility Name	Miles from the Community	Year Opened	Number of Assisted Living Units	Number of Memory Support Units	Square Footage	Occupancy Percentage	Assisted Living Monthly Fees	Memory Support Monthly Fees	Level of Care Fees
The Community	–	2016	48	24	525 – 750	95%	\$5,735 – 6,935	\$7,790	I: \$900 – 935 II: \$1,400 – 1,455 III: \$1,800 – 1,870
Meridian at Boca Raton	3.2	2018	90	42	500 – 930	92%	\$4,500 – 6,400	\$6,495	\$300 – 1,500
Sonata Boca Raton	3.3	2000	60	14	296 – 530	92%	\$3,375 – 4,700	\$5,400 – 5,700	I: \$300 II: \$600 III: \$900 IV: \$200
Allegro Parkland	3.5	2020	50	25	342 – 1,012	50%	\$4,675 – 7,050	\$7,000 – 7,455	\$425 – 1,500
St. Andrews Estates	4.7	1980/ 2013	72	–	500	100%	\$5,000	–	Up to \$2,000
The Veranda Club	5.5	1987	90	–	314 – 928	93%	\$2,995 – 3,095	–	\$475 – 1,600
<b>Total Number of Units (excluding the Community)</b>			<b>362</b>	<b>81</b>					
<b>Weighted Average Occupancy</b>						<b>86%</b>			

Source: Management and surveys conducted DHG through July 2020.

**Notes to Table:**

**The Community**

- (1) A one-time community fee of \$5,000 is required for direct admissions into the Assisted Living Units or the Memory Support Units.
- (2) Medication management is offered in the Assisted Living Units for \$300 per month.
- (3) An additional extended congregate care service is offered in the Memory Support Units for a monthly fee of \$300.
- (4) Occupancy information as of June 30, 2020.

**Meridian at Boca Raton**

- (5) A community fee equal to \$3,500 is required upon move-in.
- (6) The monthly fee for a companion suite in memory support is \$4,895.
- (7) The monthly fees for memory support are all inclusive.

**Sonata Boca Raton**

- (1) A community fee equal to \$3,000 is required upon move-in at Sonata Boca Raton.
- (2) The second person monthly fee is \$1,000 plus level of care fees.
- (3) The monthly fee for a companion suite in memory support is \$4,700.
- (4) Six additional level of care are available in the memory support units with monthly fees as follows: Level I \$400, Level II \$500, Level III \$650, Level IV \$850, Level V \$1,000 and Level VI \$1,250.

*Notes to Table (continued)***Allegro Parkland**

- (1) A community fee equal to \$3,000 is required upon move-in at Allegro Parkland.
- (2) The second person monthly fee is \$1,100.
- (3) The memory support monthly fees are all-inclusive of care.
- (4) Allegro Parkland opened in February 2020. After initial move-ins, the facility closed to all new admissions until June 2020.

**St. Andrews Estates**

- (1) St. Andrew's rarely accepts direct admissions into the assisted living units at the community. Independent living residents receive priority access to the assisted living units and most units are filled through internal transfers.

**Veranda Club**

- (1) A community fee equal to \$2,000 is required upon move-in at The Veranda Club.
- (2) The second person monthly fee is \$1,000.

*Planned Assisted Living and Memory Support Developments*

Based on discussions with representatives of the local planning agencies and interviews with existing assisted living facilities and retirement communities, there are two new assisted living communities planned within an approximately five-mile radius of the Community.

**Verde Commons Assisted Living** is a planned assisted living community, approximately four miles north of the Community, to be located at 9905 Clint Moore Road in Boca Raton. The project is expected to include 150 assisted living units. The assisted living project is part of a larger development to be known as "Verde Commons" that is expected to include retail, restaurants, medical offices and a financial institution. The project has received approval with construction schedules to be determined.

**The Holden of Delray Beach** is a planned community, approximately eight miles northeast of the Community, to be located at 6895 Morikami Park Road in Delray Beach. The planned community is expected to include 87 assisted living and memory support units. Alliance Residential Company is the developer. Alliance Residential Company is a developer of multi-family housing as well active adult and senior housing and care communities. The project is currently in the planning stages and a construction timeline has not yet been determined.

## **Description and Utilization of Nursing Care**

Nursing homes are licensed under Chapter 400, Part II, Florida Statutes and Florida Administrative Code Chapter 59A-4 and are defined as “provid(ing) 24-hour a day nursing care, case management, health monitoring, personal care, nutritional meals and special diets, physical, occupational, and speech therapy, social activities and respite care for those who are ill or physically infirm.”

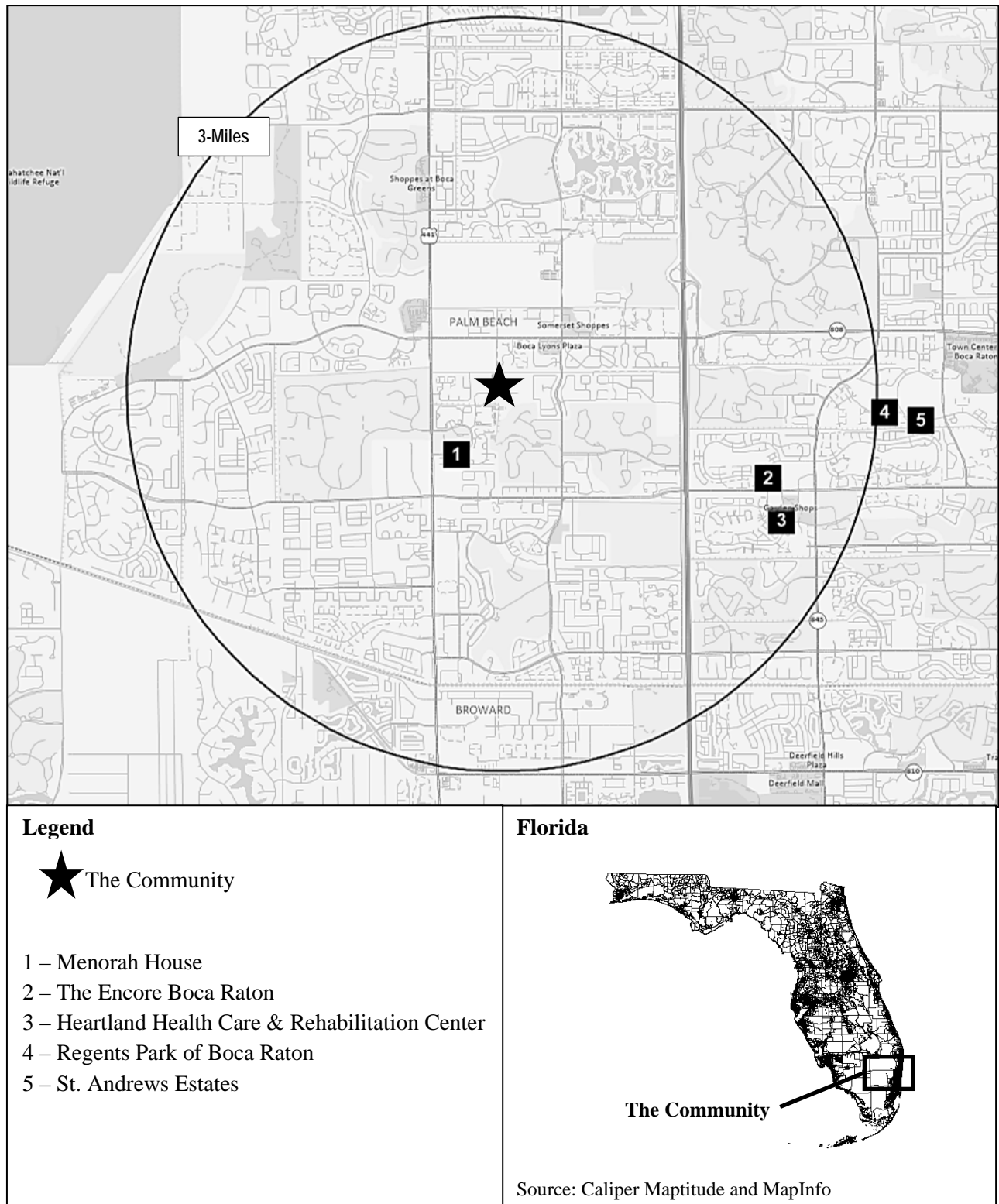
The Agency administers the CON process for community nursing home beds, which was established to regulate the construction of new community nursing homes, the addition of new community nursing beds and the conversion of other health care facility bed types to community nursing home beds.

For the purposes of determining bed need projections, Florida is divided into 11 districts statewide. Each area district is then divided into sub districts, which represent the individual counties or groups of counties within each area district. AHCA determines the nursing bed need for each district within the state twice a year by using a methodology based on a planning horizon of three years, current and projected population estimates, a sub district need determination, and a need formula.

Skilled nursing beds affiliated with new CCRCs under the sheltered bed waiver regulations also require a CON for closed beds or beds limited to residents of the CCRC. Closed skilled nursing beds obtained under the sheltered bed waiver regulations may admit residents from outside the CCRC for the first five years after opening.



The following map depicts the Community and the five nursing facilities located nearest to the Community.



*Nursing Facilities Near the Community*

The following table identifies the Community and the five closest nursing facilities to the Community and summarizes the number of beds, the percentage occupied, daily rates, payor mix based on surveys conducted through July 2020.

**Table 32**  
**Nursing Facilities near the Community**

Facility Name	Driving Miles from the Community	Year Opened	Total Beds	Current Occupancy	Daily Rates		Payor Mix			Medicare Star Rating <sup>(1)</sup>
					Private	Semi-private	Medicare	Medicaid	Private/ Other	
The Community <sup>(2)</sup>	–	2016	60	79%	\$442	–	63%	0%	37%	5 Stars
Menorah House <sup>(3)</sup>	1.2	1984	120	87%	\$350	\$294	14%	59%	27%	5 Stars
The Encore Boca Raton <sup>(4)</sup>	4.0	1982	154	81%	\$420	\$305	22%	54%	24%	4 Stars
Heartland Health Care & Rehabilitation Center	4.2	1994	120	92%	\$516	\$346	39%	23%	38%	5 Stars
Regents Park of Boca Raton <sup>(5)</sup>	4.4	1988	180	81%	\$320 – 355	\$275	27%	48%	25%	3 Stars
St. Andrews Estates <sup>(6)</sup>	4.7	1980	89	100%	\$354	\$324	14%	39%	47%	4 Stars
<b>Totals/Weighted Averages (excluding the Community)</b>			<b>663</b>	<b>87%</b>						

Source: Management, surveys, AHCA Nursing Guide and CMS through July 2020.

- (1) The Medicare Nursing Home Five Star Quality Rating System (the “Star Rating”) is an annual rating based on the combined results of the health inspection, staffing and quality measures completed during each nursing homes’ annual survey. The maximum score is five stars.
- (2) Occupancy information as of June 30, 2020.
- (3) Currently not accepting residents as a number of existing residents have tested positive for COVID-19.
- (4) COVID-19 has affected current occupancy, which is reflected in the above table. Typical occupancy is 95 to 98 percent.
- (5) COVID-19 has affected current occupancy, which is reflected in the above table. Typical occupancy is 93 to 100 percent. Long-term care admissions are not being accepted currently due to COVID-19.
- (6) St. Andrews Estates rarely accepts direct admissions into its nursing beds. Independent living residents receive priority access to the nursing beds and most beds are filled through internal transfers.

*Planned Nursing Developments*

Based on discussions with representatives of the local planning agencies and interviews with existing skilled nursing facilities and retirement communities, there are no planned skilled nursing beds within an approximately five-mile radius of the Community.

**Summary of Significant Accounting Policies**(a) Basis of Accounting

The Corporation maintains its accounting and financial records according to the accrual basis of accounting.

(b) Cash and Cash Equivalents

Cash and cash equivalents, excluding those classified as investments and assets limited as to use, include certain investments in highly liquid instruments, including short-term debt securities and money market funds with original maturities of three months or less when purchased.

(c) Property, Equipment and Depreciation Expense

Property and equipment are recorded at cost. Depreciation expense is calculated on the straight-line method over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

(d) Assets Limited as to Use

Assets limited as to use are assumed to be carried at fair value, which, based on the nature of the underlying securities, is assumed to approximate historical cost. Management assumes no material changes in fair values that result in material net realized or unrealized gains or losses during the forecast period.

(e) Investment Income

Investment income is reported as operating revenue unless restricted by donor or law. Management assumes no changes in fair values that result in material net realized or unrealized gains or losses during the forecast period.

(f) Resident Deposits

Certain Residency Agreements require an advance payment to be made at the time an individual is accepted for residency into the Community. Any balance remaining upon vacancy is to be refunded to the individual or the individual's family.

(g) Deferred Revenue from Entrance Fees

Fees paid by a Resident upon entering into a continuing care contract, net of the portion thereof which is refundable to the Resident, are recorded as deferred revenue and amortized into net resident services revenue using the straight-line method over the estimated remaining life expectancy of the Resident, adjusted on an annual basis.

(h) Refundable Entrance Fees

Refundable Entrance Fees received are deferred and the refundable portion of the Entrance Fee is maintained as a liability, reflecting the Corporation's future obligation for repayment.

(i) Estimated Obligation to Provide Future Service and Use of Facilities for Continuing Care Residents

Management calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from Entrance Fees. The obligation to provide future services to residents represents the estimated net future costs to serve residents, net of revenue from those Residents, who were parties to a Residency Agreement on the Corporation's fiscal year end. If the present value of

the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded. As of August 31, 2020, the obligation calculated resulted in the Corporation's net present value of future cash inflows exceeding the net present value of future expenditures, less the balance of unamortized deferred revenue, plus depreciation of facilities to be charged related to resident contracts. Therefore, no liability was reflected in the Statement of Financial Position as of August 31, 2020. For purposes of the forecast, no provision for future service obligations is assumed to be required during the forecast period.

(j) Deferred Marketing Costs

Management has implemented ASU No. 2014-09 "Revenue from Contracts with Customers" and adjusted the treatment of deferred marketing costs. Previously, all marketing costs incurred by the Corporation in acquiring initial Resident contracts were capitalized and amortized on a straight-line basis over a period of the approximate average life expectancy of the initial Residents. Under the new Standard, only incremental marketing expenditures incurred specifically to obtain the Resident contract can be capitalized. Management assumes all future marketing expenses are to be expensed when incurred.

(k) Deferred Financing Costs and Original Issue Premium/Discount

Costs associated with the issuance of the related financing are assumed to be capitalized and amortized over the expected life of the bonds using the effective interest method. Debt issuance costs and original issue premiums/discounts are netted against the related debt on the statement of financial position and the amortization is included in interest expense on the statement of operations.

(l) Costs of Borrowing

Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

(m) Tax-Exempt Status

The Corporation is a non-profit organization exempt from federal income and excise taxes under section 501(c)3 of the Internal Revenue Code and are classified as other than a private foundation.

(n) Revenue Recognition

Management has implemented ASU No. 2014-09 "Revenue from Contracts with Customer" and recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 supersedes the FASB's prior revenue recognition requirements and most industry-specific guidance. Management has implemented ASU 2014-09.

(o) Not-for-Profit Accounting

The FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, to improve the presentation of financial statements of not-for-profit entities. The standard addresses key qualitative and quantitative matters including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Management has implemented ASU No. 2016-14.

(p) Restricted Cash

During 2019 the Corporation adopted FASB ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end of period total amounts shown on the statement of cash flows. As of August 31, 2019, the Corporation had approximately \$14,516,000 invested in cash, cash equivalents, and restricted cash and cash equivalents on the statement of cash flows. For purposes of the forecast, Management has not presented restricted cash or restricted cash equivalents on the statement of cash flows.

(q) Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This guidance requires a dual approach for lessee accounting whereby a lessee will account for lease arrangements with terms greater than 12 months as either finance leases or operating leases. Both finance leases and operating leases will be recognized on the lessee's statement of financial position as right-of-use assets and corresponding lease liabilities, with differing methodologies for income statement recognition. In addition, the ASU requires expanded qualitative and quantitative disclosures about an entity's lease arrangements. Public entities (including nonprofit organizations with public debt) should apply this guidance for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For purposes of the forecast, Management has not reflected the implementation of ASU 2016-02.

**Summary of Revenue and Entrance Fee Assumptions*****Independent Living Revenue***

Independent living revenue is based upon Monthly Fees charged to residents of the Existing Independent Living Units and, upon occupancy, the New Independent Living Units. Monthly Fees for the Existing Independent Living Units are to increase 3.5 percent beginning September 1, 2021 and increase 3.0 percent annually thereafter. Monthly Fees for the New Independent Living Units are to increase 3.0 percent beginning September 1, 2021 and annually thereafter.

Existing Independent Living Unit occupancy is assumed to be approximately 97.3 percent in fiscal year 2020, increasing to 98.7 percent in fiscal year 2021 and throughout the forecast period. New Independent Living Unit occupancy is assumed to achieve and maintain a 92.8 percent by December 2023 and remain constant at that level throughout the remainder of the forecast.

The following table summarizes the historical and assumed utilization of the Existing Independent Living Units and the New Independent Living Units.

**Table 33**  
**Utilization of the Existing Independent Living Units and New Independent Living Units**

Fiscal Year Ending August 31,	Existing Independent Living Units			New Independent Living Units			Total Occupancy
	Average Units Occupied	Average Units Available <sup>(3)</sup>	Average Occupancy	Average Units Occupied	Average Units Available	Average Occupancy	
<i>Historical</i>							
2018	233.0	234.0	99.6%	-	-	-	99.6%
2019	231.6	234.0	99.0%	-	-	-	99.0%
2020 <sup>(1)</sup>	228.7	234.0	97.7%	-	-	-	97.7%
<i>Forecasted</i>							
2020	227.8	234.0	97.3%	-	-	-	97.3%
2021	231.0	234.0	98.7%	-	-	-	98.7%
2022 <sup>(2)</sup>	231.0	234.0	98.7%	10.0	111.0	9.0%	69.9%
2023	231.0	234.0	98.7%	83.1	111.0	74.9%	91.0%
2024	231.0	234.0	98.7%	102.0	111.0	91.9%	96.5%
2025	231.0	234.0	98.7%	103.0	111.0	92.8%	96.8%

Source: Management

(1) Year-to-date average occupancy through June 30, 2020.

(2) The 111 New Independent Living Units are anticipated to be available for occupancy in May 2022 and are anticipated to fill over a 20-month period at an average of approximately 5.2 units per month and then stabilize at 92.8 percent in month 20.

On June 30, 2020, the Existing Independent Living Units were 95.3 percent (223.1 units) occupied.

The following table summarizes the move-in assumptions for the New Independent Living Units during the forecast period through stabilized occupancy.

**Table 34**  
**Fill-Up Schedule – New Independent Living Units**

<b>Fiscal Year/Month</b>	<b>New Independent Living Units</b>	<b>Cumulative Occupied</b>	<b>Cumulative Occupancy <sup>(1)</sup></b>
<b>2022</b>			
May 2022	10.0	10.0	9.0%
June 2022	20.0	30.0	27.0%
July 2022	20.0	50.0	45.0%
August 2022	10.0	60.0	54.1%
<b>2023</b>			
September 2022	8.0	68.0	61.3%
October 2022	4.0	72.0	64.9%
November 2022	4.0	76.0	68.5%
December 2022	4.0	80.0	72.1%
January 2023	3.0	83.0	74.8%
February 2023	2.0	85.0	76.6%
March 2023	2.0	87.0	78.4%
April 2023	2.0	89.0	80.2%
May 2023	2.0	91.0	82.0%
June 2023	2.0	93.0	83.8%
July 2023	2.0	95.0	85.6%
August 2023	1.0	96.0	86.5%
<b>2024</b>			
September 2023	2.0	98.0	88.3%
October 2023	2.0	100.0	90.1%
November 2023	2.0	102.0	91.9%
December 2023	1.0	103.0	92.8%

Source: Management

(1) Cumulative occupancy based on 111 New Independent Living Units.

Management assumes double occupancy rate for the Existing Independent Living Units of approximately 21.7 percent during the forecast period and the double occupancy rate for the New Independent Living Units of approximately 50.0 percent in fiscal year 2022, declining to 38.0 percent in fiscal year 2025.

The assumed turnover for the Independent Living Units due to death, withdrawal or transfer to assisted living, or nursing accommodations, and double occupancy of the Independent Living Units has been provided by the Corporation's actuary. Refunds of Entrance Fees are generated upon termination of the Residence and Services Agreement and withdrawal from the Community, subject

to the re-occupancy of the vacated Independent Living Units. Entrance Fees may be generated from Independent Living Units turning over without a corresponding refund because the Resident has not withdrawn from the Community but has permanently transferred to the Health Center. The assumed number and amount of refunds for the Existing Independent Living Units and the New Independent Living Units is provided by Management and the Actuary.

The following table presents the assumed Entrance Fees received and Entrance Fees refunded.

<b>Table 35</b> <b>Entrance Fee Receipts and Refunds</b> <b>(In Thousands)</b>						
<b>Fiscal Year Ending August 31,</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Initial:						
Number of Entrance Fees received <sup>(1)</sup>	-	-	60.0	36.0	7.0	-
Entrance Fees received	\$ -	\$ -	\$53,198	\$31,919	\$6,206	\$ -
Turnover:						
Number of Entrance Fees received	23.0	28.1	30.6	35.2	37.6	39.3
Entrance Fees received	\$10,715	\$20,872	\$24,006	\$29,244	\$32,691	\$35,357
<b>Total Entrance Fees Received</b>	<b>\$10,715</b>	<b>\$20,872</b>	<b>\$77,204</b>	<b>\$61,163</b>	<b>\$38,897</b>	<b>\$35,357</b>
Total Entrance Fees Refunded	(9,620)	(11,917)	(14,312)	(17,786)	(19,340)	(20,751)
<b>Total Entrance Fees Received, Net of Refunds</b>	<b>\$1,095</b>	<b>\$8,955</b>	<b>\$62,892</b>	<b>\$43,377</b>	<b>\$19,557</b>	<b>\$14,606</b>

Source: Management and the Actuary

(1) Management assumed 92.8 percent of the New Independent Living Units are occupied for purposes of initial Entrance Fee receipts.

Entrance Fees for the Independent Living Units and are assumed to increase 3.0 percent annually during the forecast period.



***Assisted Living Revenues***

Monthly Fees are generated from assisted living services provided to Residents transferring from the Independent Living Units as well as Direct Admit Residents. Assisted Living Monthly Fees are assumed to increase 4.0 percent beginning September 1, 2021 and increase 3.0 percent annually thereafter.

The Assisted Living Unit occupancy is assumed to approximate 95.8 percent in fiscal year 2020, increasing to approximately 96.0 percent in fiscal year 2021 and throughout the remainder of the forecast period.

The following table summarizes the historical and assumed utilization of the Assisted Living Units.

Table 36					
Utilization of the Assisted Living Units					
Fiscal Year Ending August 31,	Average Units Occupied			Avg. Units Available	Average Occupancy
	Direct Admit	Lifecare Residents	Total		
Historical					
2018	37.8	7.7	45.5	48.0	94.8%
2019	34.1	10.0	44.1	48.0	91.9%
2020 <sup>(1)</sup>	35.2	10.9	46.1	48.0	96.0%
Forecasted					
2020	34.8	11.2	46.0	48.0	95.8%
2021	30.3	15.8	46.1	48.0	96.0%
2022	25.0	21.1	46.1	48.0	96.0%
2023	22.5	23.6	46.1	48.0	96.0%
2024	20.1	26.0	46.1	48.0	96.0%
2025	18.1	28.0	46.1	48.0	96.0%

Source: Management

(1) Year-to-date occupancy is through June 30, 2020.

On June 30, 2020, the Assisted Living Units were 95.4 percent (45.8 units) occupied.

Management assumes double occupancy rate for the Assisted Living Units of approximately 6.3 percent during the forecast period.

**Memory Support Revenues**

Monthly Fees are generated from memory support services provided to Residents transferring from the Independent Living Units as well as Direct Admit Residents. Memory Support Monthly Fees are assumed to increase 4.0 percent beginning September 1, 2021 and increase 3.0 percent annually thereafter.

The Memory Support Unit occupancy is assumed to approximate 96.3 percent in fiscal year 2020, decreasing to approximately 95.8 percent in fiscal year 2021 and throughout the remainder of the forecast period.

The following table summarizes the historical and assumed utilization of the Memory Support Units.

Table 37					
Utilization of the Memory Support Units					
Fiscal Year Ending August 31,	Average Units Occupied			Avg. Units Available	Average Occupancy
	Direct Admit	Lifecare Residents	Total		
Historical					
2018	19.7	4.1	23.8	24.0	99.2%
2019	20.4	2.9	23.3	24.0	97.1%
2020 <sup>(1)</sup>	17.2	5.8	23.0	24.0	95.8%
Forecasted					
2020	17.2	5.9	23.1	24.0	96.3%
2021	15.6	7.4	23.0	24.0	95.8%
2022	15.6	7.4	23.0	24.0	95.8%
2023	15.6	7.4	23.0	24.0	95.8%
2024	15.6	7.4	23.0	24.0	95.8%
2025	14.5	8.5	23.0	24.0	95.8%

Source: Management

(1) Year-to-date occupancy is through June 30, 2020.

On June 30, 2020, the Memory Support Units were 98.8 percent (23.7 units) occupied.

***Skilled Nursing Revenue***

Daily Fees are generated from skilled nursing support services provided to Residents transferring from the Independent Living Units as well as Direct Admit Residents. Skilled Nursing Daily Fees are assumed to increase 4.0 percent beginning September 1, 2021 and increase 3.0 percent annually thereafter.

The Skilled Nursing Bed occupancy is assumed to approximate 81.5 percent in fiscal year 2020, 92.7 percent in fiscal year 2021 and 95.0 percent in fiscal year 2022 and remain constant at that level throughout the remainder of the forecast.

The following table summarizes both the historical and assumed utilization of the Skilled Nursing Beds by payor type.

Table 38						
Utilization of the Skilled Nursing Beds						
Fiscal Year Ending August 31,	Average Beds Occupied				Avg. Beds Available	Average Occupancy
	Private Pay/HMO	Lifecare Residents	Medicare	Total		
Historical						
2018	3.7	6.8	40.8	51.3	60.0	85.5%
2019	8.7	8.3	40.1	57.1	60.0	95.2%
2020 <sup>(1)</sup>	9.5	8.9	32.0	50.4	60.0	84.0%
Forecasted						
2020	8.8	8.9	31.2	48.9	60.0	81.5%
2021	9.1	9.0	37.5	55.6	60.0	92.7%
2022	8.5	15.5	33.0	57.0	60.0	95.0%
2023	8.5	18.0	30.5	57.0	60.0	95.0%
2024	8.5	20.6	27.9	57.0	60.0	95.0%
2025	8.5	23.1	25.4	57.0	60.0	95.0%

Source: Management

(1) Year-to-date occupancy through June 30, 2020.

On June 30, 2020, the Skilled Nursing Beds were 79.3 percent (47.6 beds) occupied.

*Other Revenue*

Other revenue is generated from barber and beauty fees, catering, guest meals, sundry store, concession revenues, contributions and miscellaneous sources. These revenues are assumed to increase 3.0 percent annually throughout the forecast period.

*Investment Income*

Management has assumed an annual rate of return on the Corporation's cash and cash equivalents and unrestricted investments of 1.75 percent during the forecast period. The Corporation has realized gains from the year to date sale of investments through June 30, 2020 and assumes a gain of approximately \$889,000 for the fiscal year ending August 31, 2020.

**Summary of Operating Expense Assumptions**

Operating expenses are estimated by Management based on its experience at the Community and with the development and operation of other similar retirement communities. Staff salaries and benefits are based on prevailing local salary and wage rates and are assumed to increase 3.0 percent annually throughout the forecast period. The cost of employee fringe benefits, consisting primarily of payroll taxes, health insurance and other costs for employees are assumed to approximate 17.2 percent throughout the forecast period. The following table summarizes the staffing levels during the forecast period for all departments.

**Table 39**  
**Schedule of Staffing Levels (FTEs) - 2025**

Department	Existing	Phase II Project	Total
Administrative	7.1	2.5	9.6
Plant	18.7	6.0	24.7
Dining services	79.8	22.1	101.9
Housekeeping	32.8	9.5	42.3
Health center	68.8	-	68.8
Resident health	5.9	-	5.9
Assisted living	22.4	-	22.4
Memory support	21.4	-	21.4
Resident services	4.1	3.0	7.1
Marketing	3.6	-	3.6
<b>Total FTEs</b>	<b>264.6</b>	<b>43.1</b>	<b>307.7</b>

Source: Management

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, management fees, building and general liability insurance, legal and accounting fees, nursing provider taxes, and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed to increase 3.0 percent annually throughout the forecast period.

**Assets Limited as to Use**

Initial financing for the Community was obtained from the issuance of the Series 2014 Bonds (defined hereinafter). U.S. Bank National Association, as bond trustee for the Series 2014 Bonds (the “Bond Trustee”) maintains the following funds and accounts for the Series 2014 Bonds in the name of the Corporation under the terms of the Master Indenture and a Bond Trust Indenture for the Series 2014 Bonds:

- (1) Series 2014 Debt Service Reserve Funds funded with proceeds received from the issuance of the Series 2014 Bonds.

Financing for the Phase II Project is assumed to be obtained from the issuance of the Series 2020 Bonds. The Bond Trustee is assumed to maintain the following funds and accounts for the Series 2020 Bonds in the name of the Corporation under the terms of the Master Indenture and the Bond Trust Indenture for the Series 2020 Bonds:

- (1) Bond Fund, to contain bond principal and interest payments to be used for payment of debt service on the Series 2020 Bonds.
- (2) Project Fund, to be gross funded at closing from Series 2020 Bonds proceeds and used to pay construction costs to complete the Phase II Project.
- (3) Funded Interest Fund, net funded from Series 2020 Bonds proceeds, to be used to fund interest costs for approximately 27 months.
- (4) Series 2020 Debt Service Reserve Funds are assumed to be funded at closing with Series 2020 Bond proceeds. The Series 2020 Debt Service Reserve Funds associated with each series of the Series 2020 Bonds is assumed to be released and available to pay debt service in the year that the respective series of the Series 2020 Bonds are repaid in full.
- (5) Entrance Fee Fund, to be funded with initial Entrance Fees from the Phase II Project, available to pay Entrance Fee refunds, and to redeem the Series 2020B Bonds and Series 2020C Bonds.
- (6) The Coverage Support Fund, to be funded by contributions from the Corporation, is to be available for draw down by the Corporation for the purpose of causing the historical debt service coverage ratio to be between 1.20x and 1.30x and must be drawn for purposes of causing the historical debt service coverage ratio to be above 1.20x. The Coverage Support Fund would be released upon repayment of the Series 2020B Bonds and Series 2020C Bonds or refinancing of the existing Series 2014 Bonds (hereinafter defined).
- (7) Working Capital Fund, to be initially funded with approximately \$4,000,000 of initial Entrance Fees received from the New Independent Living Units. The Working Capital Fund is assumed to be applied to fund operating expenses for the Community. Upon the repayment of the Series 2020B Bonds and Series 2020C Bonds, stabilized occupancy of the New Independent Living Units, and assuming no events of default have occurred, any amounts remaining on deposit in the Working Capital Fund shall be released.

*Minimum Liquid Reserves ("MLR")*

Additional accounts which are required to be maintained in a Continuing Care Escrow Fund by Chapter 651 of the Florida Statutes, and which are not subject to the lien of the Master Indenture, are as follows:

- (1) Statutory Debt Service Reserve Fund, as calculated to meet the "Debt Reserve Requirement" established by Florida Statute 651.035(2)(a) in an amount equal to the annual interest and principal of outstanding debt and property taxes. To the extent that a Debt Service Reserve Fund has been established, the Corporation is not required to fund an additional amount for interest and principal on the Series 2014 Bonds and the Series 2020 Bonds for the Community.
- (2) Statutory Operating Reserve Fund, as calculated to meet the "Operating Reserve Requirement" established by Florida Statute 651.035(2)(c) in an amount equal to 15 percent of "Total Annual Operating Expenses", excluding, depreciation, amortization, interest, taxes, insurance and certain extraordinary expenses, as set forth in the annual report filed pursuant to Section 651.026, Florida Statutes. Total Annual Operating Expenses shall be determined by averaging the total annual operating expenses over the preceding three year period, as reported on the Corporation's annual report filing.
- (3) Statutory Renewal and Replacement Fund, as calculated to meet the "Replacement Reserve Requirement" established by Florida Statute 651.035(2)(d) which will be maintained in an amount equal to 15 percent of the Community's accumulated depreciation, not to exceed 15 percent of its average operating expenses during the immediately preceding three-year period.
- (4) Statutory Entrance Fee Escrow: Pursuant to Florida Statutes, the Corporation will be required to escrow 75 percent (75%) of Entrance Fees received until payment in full has been received for no less than 70 percent (70%) of the New Independent Living Units.

The 25 percent balance of Entrance Fees is allowed to be used for working capital purposes. Upon achieving the above criteria the Corporation will no longer be required to maintain the Entrance Fees in escrow. The plan of finance contemplates utilizing initial Entrance Fees from the New Independent Living Units to repay the Series 2020B Bonds (when released from escrow).

**Property and Equipment and Depreciation Expense**

The Corporation is to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40 and 10 years, respectively. Property and equipment costs, net of accumulated depreciation, during the forecast period are summarized in the table below.

**Table 40**  
**Schedule of Property and Equipment**  
**(in thousands of dollars)**

<b>Year Ending August 31,</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Property and equipment, gross Beginning Balance	\$211,016	\$221,950	\$294,758	\$336,901	\$339,268	\$342,602
Phase II Project costs	9,896	66,463	37,449	1,298	2,201	-
Capitalized interest	288	5,394	3,686	-	-	-
Routine capital additions	750	951	1,008	1,069	1,133	1,265
Property and equipment, gross	221,950	294,758	336,901	339,268	342,602	343,867
Accumulated depreciation	(23,642)	(30,012)	(37,590)	(47,587)	(57,692)	(67,844)
Property and equipment, net Ending Balance	\$198,308	\$264,746	\$299,311	\$291,681	\$284,910	\$276,023

Source: Management

## Long-Term Debt and Interest Expense

### *Series 2014 Bonds*

In May 2014, the Issuer issued Palm Beach County Health Facilities Authority, Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014 (the “Series 2014 Bonds”), the proceeds of which were used to fund construction costs of the Existing Community. As of August 31, 2019, approximately \$123,785,000 Series 2014 Bonds were outstanding. Interest on the Series 2014 Bonds is payable semi-annually on June 1 and December 1 of each year at interest rates ranging from 6.750 to 7.625 percent per annum. Principal on the Series 2014 Bonds is payable annually on June 1 with a final maturity on June 1, 2049.

### *2019 Taxable Loan*

In March 2019, the 2019 Taxable Loan was opened with Sun Trust Bank at an applicable variable interest rate of one-month LIBOR plus 1.25 percent (an effective rate of 3.48 percent at August 31, 2019) with a maximum principal balance of \$8,100,000 and with a maturity date of March 15, 2021. On August 31, 2019, outstanding borrowings on the line of credit was approximately \$5,349,000. The 2019 Taxable Loan is assumed to be repaid from proceeds from the issuance of the Series 2020 Bonds.

### *Series 2020 Bonds*

The Series 2020 Bonds are assumed to consist of:

- \$54,110,000 of unrated, tax-exempt fixed rate Series 2020A Bonds;
- \$82,100,000 of unrated, tax-exempt fixed rate EFRPB Series 2020B Bonds; and
- \$5,000,000 of unrated, taxable fixed rate EFRPB Series 2020C Bonds.

The Series 2020A Bonds are assumed to be issued at a discount and consist of \$54,110,000 of unrated, tax-exempt fixed rate term bonds with an assumed coupon rate of 5.25 percent per annum and an average yield of 5.50 percent per annum. Interest on the Series 2020A Bonds is to be payable June 1 and December 1 of each year beginning December 1, 2020. Principal on the Series 2020A Bonds is to be paid annually commencing June 1, 2050 with a final maturity on June 1, 2055.

The Series 2020B Bonds are assumed to consist of \$82,100,000 of unrated, tax-exempt fixed rate EFRPB, with assumed interest rates ranging from 3.25 to 3.50 percent per annum. The Series 2020B Bonds are assumed to consist of \$29,030,000 of Series 2020B-1 Bonds and \$53,070,000 of Series 2020B-2 Bonds. The Series 2020B-1 Bonds are assumed to be redeemed in full by December 1, 2023 by approximately 90 percent initial occupancy of the New Independent Living Units. The Series 2020B-2 Bonds are assumed to be redeemed in full by March 1, 2023 by approximately 70 percent initial occupancy of the New Independent Living Units. Interest on the Series 2020B Bonds is to be payable June 1 and December 1 of each year beginning December 1, 2020.



The Series 2020C Bonds are assumed to consist of \$5,000,000 of unrated, taxable fixed rate EFRPB, with an assumed interest rate of 4.00 percent per annum. The Series 2020C Bonds are assumed to be redeemed in full by March 1, 2023. Interest on the Series 2020C Bonds is to be payable June 1 and December 1 of each year beginning December 1, 2020.

The following table presents the assumed annual debt service associated with the Series 2014 Bonds and the Series 2020 Bonds during the forecast period and thereafter.

**Table 41**  
**Schedule of Annual Debt Service**  
**(in thousands of dollars)**

Year Ending August 31,	Series 2014 Bonds		Series 2020A Bonds		Series 2020B Bonds & Series 2020C Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$1,175	\$9,121	\$ -	\$ -	\$ -	\$ -	\$10,296
2021	1,255	9,041	-	2,020	-	2,091	14,407
2022	1,340	8,957	-	2,841	-	2,941	16,079
2023	1,430	8,866	-	2,841	79,340	2,319	94,796
2024	1,530	8,770	-	2,841	7,760	98	20,999
2025	1,630	8,667	-	2,841	-	-	13,138
Thereafter	115,425	142,131	54,110	78,544	-	-	390,210
<b>Total</b>	<b>\$123,785</b>	<b>\$195,553</b>	<b>\$54,110</b>	<b>\$91,928</b>	<b>\$87,100</b>	<b>\$7,449</b>	<b>\$559,925</b>

Source: Management and the Underwriter

### *Federation Subordinated Obligation*

In connection with the issuance of the Series 2014 Bonds, the Corporation paid the Federation \$14,000,000 for the land associated with the Existing Community. The Federation received \$12,000,000 of the purchase price in cash and the remaining \$2,000,000 of the purchase price was deferred in the form of a subordinate promissory note (the “Subordinated Note”). In addition to the Subordinated Note, the Corporation is assumed to owe approximately \$1,000,000 to the Federation for past support staff and services provided by the Federation to the Corporation (the “Federation Loan”). The Subordinated Note and Federation Loan are collectively referred to as the “Federation Subordinated Obligation”. The Federation Subordinated Obligation is assumed to accrue non-compounding interest at four percent up to a maximum of the principal value of the Federation Subordinated Obligation. The Master Indenture imposes certain financial conditions that must be satisfied prior to any payment of the Federation Subordinated Obligation. For the purpose of the financial forecast, Management has assumed the interest on the Federation Subordinated Obligation will accrue throughout the forecast period. Management assumes the Federation Subordinated Obligation principal and accrued interest will not be repaid during the forecast period.

*PPP Loan*

Under provision of CARES Act, as of May 1, 2020, the Corporation entered into an approximate \$2,344,600 bank loan from Truist Bank under the Small Business Association's (the "SBA") Paycheck Protection Program created under the Coronavirus Aid, Relief and Economic Security Act (the "Cares Act") as amended by the Paycheck Protection Program Flexibility Act of 2020. The PPP Loan is unsecured and the interest rate is 1 percent per annum. Principal and interest payments on the PPP Loan are payable monthly but the first six monthly payments are deferred.

The CARES Act and the subsequent Flexibility Act provide that the PPP Loan will be forgiven if, among other things, during the 24-week period after the PPP Loan was made, at least 60 percent of the loan proceeds were used for eligible payroll costs and the average number of full-time employees of the Corporation was not reduced during an applicable reference period. The Corporation intends to submit a timely loan forgiveness application to the SBA and anticipates that it will meet conditions for forgiveness of the PPP Loan, resulting in approximately \$2,180,000 of forgiven loans in fiscal year 2020. The Corporation assumes the remaining loan amount of approximately \$165,000 is to be repaid in fiscal year 2021.

**Current Assets and Current Liabilities**

Operating expenses exclude amortization, depreciation, other non-cash expenses and interest expense. Operating revenues include the monthly and daily services fees for the Community and other revenues. Working capital components have been estimated based on industry standards and Management's historical experience as follows:

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**Table 42**  
**Working Capital – Days on Hand**

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Accounts receivables, net	38	days operating revenues
Prepaid expenses and other assets	23	days operating expenses
Accounts payable and accrued expenses	65	days operating expenses

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Source: Management

**INDEPENDENT ACCOUNTANTS' REPORT ON  
SUPPLEMENTAL INFORMATION**

Board of Directors  
Federation CCRC Operations Corp.  
Boca Raton, Florida

Our examination of the financial forecast presented in the preceding section of this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and that the underlying assumptions provide a reasonable basis for the forecast. The study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2020 Bonds based on Management's assumptions of future operations of the Corporation. However, future events could occur which could adversely affect the financial forecast of the Corporation and the Corporation's ability to meet debt service requirements. These factors include, among others, legislation and regulatory action, changes in assumptions concerning occupancy, per diem rates, financing and operating costs.

The accompanying supplemental information is presented for purposes of providing additional analysis and is not a required part of the financial forecast nor considered an all-inclusive list. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it.

The following supplemental analyses are presented for the purpose of demonstrating the significance of certain assumptions and are not to be considered an all-inclusive list.

*Dixon Hughes Goodman LLP*

Atlanta, Georgia  
August 17, 2020

## Supplemental Information

### *Sensitivity Analysis I – Occupancy*

Occupancy rates can vary depending upon economic conditions, the competitive environment and Management's ability to execute the marketing and sales plan. The period of time it takes to achieve and maintain stabilized occupancy could be longer than Management has assumed in the accompanying forecast. Residents are to begin moving into the New Independent Living Units in May 2022 and achieve and maintain a 95 percent occupancy level by December 2023.

#### *Sensitivity Analysis IA*

The data presented in the table below demonstrates the financial impact if the New Independent Living Units achieved 75 percent stabilized occupancy during the forecast period.

#### *Sensitivity Analysis IB*

The data presented in the table below demonstrates the financial impact if occupancy of the Existing Independent Living Units was reduced to approximately 93 percent during the forecast period.

#### *Sensitivity Analysis IC*

The period of time it takes to achieve and maintain stabilized occupancy could be longer than Management assumes. The data presented in the table below demonstrates the impact of an extension in the assumed move-in period of the New Independent Living Units from 20 months to 32 months.

**Table 43**  
**Sensitivity Analysis – I**  
**Estimated Financial Information**  
**For the Year Ending August 31, 2025**

	As Forecasted	Sensitivity IA <sup>(1)</sup>	Sensitivity IB <sup>(2)</sup>	Sensitivity IC <sup>(3)</sup>
<i>Occupancy:</i>				
Existing Independent Living Units	98.7%	98.7%	92.8%	98.7%
New Independent Living Units	92.8%	75.0%	92.8%	92.2%
Move-in period	20 months	20 months	20 months	32 months
Max Annual Debt Service Coverage Ratio	1.52x	1.35x	1.33x	1.51x
Days Cash on Hand <sup>(4)</sup>	401	235	327	396

Source: Management

(1) Initial Entrance Fees received, turnover Entrance Fees received, and Entrance Fee Refunds for the New Independent Living Units were adjusted for the assumed reduction in New Independent Living Unit occupancy.

(2) Turnover Entrance Fees received for the Existing Independent Living Units were adjusted for the assumed reduction in Existing Independent Living Unit occupancy without a corresponding adjustment to Entrance Fee Refunds

(3) For purposes of the sensitivity, the New Independent Living Units are estimated to reach stabilized occupancy of 92.8% in December 2024 (fiscal year ending August 30, 2025).

(4) For purposes of the sensitivity analysis, occupancy was reduced without a corresponding adjustment to certain fixed or staffing expenses. No adjustments were made to the repayment of debt on Sensitivities IA, IB and IC.

***Sensitivity Analysis II – Entrance Fee Cash Flow Predictability***

Actual Entrance Fee cash flow receipts from turnover may vary from Management's assumptions included in the forecast in regard to either Entrance Fee pricing or the number of turnover Residents. Estimates regarding turnover of the Independent Living Units are based on average age, percentage of couples, morbidity tables, assumed transfer rates to other levels of care, the historical experience of Management and estimates from the Corporation's actuary.

The data presented in the table below are provided to demonstrate the impact of changes in Entrance Fee cash flow receipts in the stabilized year of 2025.

***Sensitivity Analysis IIA***

Entrance Fee pricing is sensitive to housing prices and other economic conditions. The data presented in the table below are provided to demonstrate the impact of assuming a 25 percent reduction in turnover Entrance Fees received, while maintaining the assumed Entrance Fee Refunds, in each of the forecasted years.

***Sensitivity Analysis IIB***

Estimates regarding turnover of the Independent Living Units are based on average age, percentage of couples, morbidity tables, assumed transfer rates to other levels of care, and the historical experience of Management. These assumptions are especially sensitive to variation and may or may not occur evenly throughout the forecast period. The data presented in the table below are provided to demonstrate the impact of assuming no turnover Entrance Fee cash flow receipts or Entrance Fee refunds in the stabilized year of 2025.

***Sensitivity Analysis IIC***

The data presented in the table below are provided to demonstrate the impact of assuming a 10 percent reduction in initial Entrance Fees, turnover Entrance Fees, and Entrance Fee Refunds for the New Independent Living Units, in each of the forecasted years.

<b>Table 44</b> <b>Sensitivity Analysis – II</b> <b>Estimated Financial Information</b> <b>For the Year Ending August 31, 2025</b> <b>(In Thousands, Except for Ratios)</b>				
	<b>As Forecasted</b>	<b>Sensitivity IIA<sup>(2)</sup></b>	<b>Sensitivity IIB</b>	<b>Sensitivity IIC</b>
Turnover Entrance Fee Received	\$35,357	\$26,518	-	\$34,614
Entrance Fee Refunds Paid	(20,751)	(20,751)	-	(20,419)
Net Entrance Fees Received	\$14,606	5,767	-	\$14,195
Max Annual Debt Service Coverage Ratio	1.52x	0.80x	0.40x	1.47x
Days Cash on Hand <sup>(1)(2)</sup>	401	100	290	324

Source: Management

(1) For purposes of the sensitivity analysis, the assumed schedule for the repayment of debt remained as originally forecasted.

(2) The sensitivity in the liquidity ratios is due to the 25 percent reduction in turnover Entrance Fees received in each of the forecasted years.

***Sensitivity Analysis III – Expense and Revenue Control***

Management assumes operating expenses increase over time, with a corresponding ability to increase monthly or daily rates and charges. Management's ability to raise revenues may vary from the forecast assumptions. Management has assumed certain operating revenues would increase between three and four percent on September 1, 2020 and three percent on September 1, 2021 and annually thereafter. Additionally, Management has assumed expenses would increase three percent beginning September 1, 2020, and annually thereafter.

The data presented in the table below is provided to demonstrate the impact on the overall financial performance of the Corporation assuming the operating expense inflation increases from three percent to four percent while maintaining the assumed three percent operating revenue inflation increase.

**Table 45**  
**Sensitivity Analysis – III**  
**Estimated Financial Information**  
**For the Year Ending August 30, 2025**

	As Forecasted	Sensitivity III
<i>Inflation Percentage:</i>		
Revenues Inflation (September 1, 2021 and annually thereafter)	3.0%	3.0%
Expenses Inflation (September 1, 2021 and annually thereafter)	3.0%	4.0%
Max Annual Debt Service Coverage Ratio	1.52x	1.40x
Days Cash on Hand <sup>(1)</sup>	401	363

Source: Management

(1) For purposes of the sensitivity analysis, the assumed schedule for the repayment of debt remains as originally forecasted.

***Supplemental Information***

Management anticipates a future refunding of the Palm Beach County Health Facilities Authority, Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014 (the "Series 2014 Bonds") in June 2022 ("Series 2014 Bond Refinancing"). Interest on the Series 2014 Bonds is payable semi-annually on June 1 and December 1 of each year at interest rates ranging from 6.75 to 7.50 percent per annum.

The Corporation's underwriter, Herbert J. Sims & Company, Inc. (the "Underwriter") has estimated debt service for the Series 2014 Bond Refinancing, based on assumed interest rates ranging from 4.75 to 5.50 percent per annum.

The data presented in the table below provides the estimated maximum annual debt service ratio during the fiscal years ending August 30, 2022 through August 30, 2025, assuming the 2014 Debt Refinancing.

**Table 46**  
**Estimated Financial Information**  
**For the Years Ending August 31,**  
**(in thousands of dollars)**

Year Ending August 31,	2022	2023	2024	2025
<b>As Forecasted:</b>				
Net Income Available for Debt Service	\$13,355	\$13,502	\$13,602	\$19,933
Maximum Annual Debt Service	10,300	10,300	10,300	13,149
Max. Annual Debt Service Coverage Ratio	1.30x	1.31x	1.32x	1.52x
<b>Supplemental Analysis:</b>				
Net Income Available for Debt Service <sup>(1)</sup>	\$13,355 <sup>(2)</sup>	\$13,502	\$13,602	\$19,933
Maximum Annual Debt Service <sup>(3)</sup>	8,767	8,767	8,767	11,608
Max. Annual Debt Service Coverage Ratio	1.52x	1.54x	1.55x	1.72x

Source: The Underwriter

- (1) For purposes of the supplemental analysis, net income available for debt service remains as originally forecasted.
- (2) For purposes of the supplemental analysis, draws on the Coverage Support Fund of \$125,000 for the year ending August 31, 2022 remain as originally forecasted.
- (3) Estimated maximum annual debt service for the years ending August 31, 2022 through August 31, 2024 is equal to the maximum annual debt services of the debt assumed to be issued for the Series 2014 Bond Refinancing. Estimated maximum annual debt service in the first full year of stabilized Phase II Project occupancy (2025) is equal to the aggregate maximum annual debt service on the debt assumed to be issued for the Series 2014 Bond Refinancing and the Series 2020A Bonds.

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**APPENDIX D**  
**FORMS OF PRINCIPAL FINANCING DOCUMENTS**

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**MASTER TRUST INDENTURE**

between

**FEDERATION CCRC OPERATIONS CORP.,**  
as the Initial Obligated Group Member  
and as the Obligated Group Representative,

and

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

---

**Dated as of  
May 1, 2014**

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EXHIBIT A – EXISTING LIENS

EXHIBIT B – FORM OF REQUISITION FROM REPAIR AND REPLACEMENT FUND

## MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE, dated as of May 1, 2014 (this "Master Indenture"), is between FEDERATION CCRC OPERATIONS CORP., a Florida not-for-profit corporation, as the initial Obligated Group Member and as the Obligated Group Representative (the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as master trustee (the "Master Trustee").

### WITNESSETH:

WHEREAS, the Obligated Group is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time by the Obligated Group or other Persons electing and being qualified to become Obligated Group Members (as defined herein) of Obligations (as defined herein) to finance or refinance the acquisition or betterment of health care facilities or other facilities, and for other lawful and proper purposes; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, the Obligated Group has duly authorized the execution and delivery of this Master Indenture, and the Obligated Group, in the exercise of the legal right and power invested in it, executes this Master Indenture and proposes to make, execute, issue and deliver Obligations hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby,

### GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Obligations (as defined herein) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Obligations are secured, and in consideration of the premises, of the purchase of the Obligations by the Holders thereof, and of the sum of One Dollar (\$1.00) to the Obligated Group Members in hand paid by the Master Trustee at or before the execution and delivery hereof, the receipt and sufficiency of which are hereby acknowledged, the Obligated Group Members by these presents and the Mortgage (as defined herein) do hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, and confirm to the Master Trustee, forever, all and singular the following described properties, and grant a security interest therein for the purposes herein expressed, to wit:

#### GRANTING CLAUSE FIRST

All revenue, accounts receivable, and Gross Revenues of the Obligated Group Members, including without limitation rights to receive payments from third party payors such as Medicare and Medicaid, but except and excluding all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder by the Obligated Group Members, or which cannot be granted, pledged, or assigned hereunder without the consent of

other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Obligated Group Members, provided that the Obligated Group Members may subject to the lien hereof any such excepted property, whereupon the same shall cease to be excepted property; and

#### GRANTING CLAUSE SECOND

The Mortgaged Property (as defined herein);

#### GRANTING CLAUSE THIRD

All of the rights, titles, interests and estates, now owned or hereafter acquired by the Obligated Group Members in and to any and all accounts, chattel paper, goods, documents, instruments, general intangibles, deposit accounts, investment property, equipment, inventory, fixtures, and any and all other personal property of any kind or character defined in and subject to the provisions of the Florida Uniform Commercial Code, including the supporting obligations thereof, proceeds and products of and from any and all of such personal property used in connection with or arising out of the operation and use of the improvements located on the Premises and any substitutions or replacements therefor; and

#### GRANTING CLAUSE FOURTH

Any amounts on deposit from time to time in any fund or account created hereunder, subject to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

#### GRANTING CLAUSE FIFTH

Any and all property that may, from time to time hereinafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Obligated Group Members or by anyone on its behalf (and the Master Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subject to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions which shall be set forth in a written instrument executed by the grantor or the person so acting in its behalf or by the Master Trustee respecting the use and disposition of such property or the proceeds thereof;

**TO HAVE AND TO HOLD, IN TRUST,** all said properties, rights, privileges, leaseholds and franchises of every kind and description, real, personal, or mixed, hereby and by the Mortgage and hereafter (by supplemental instrument or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges, leaseholds, and franchises including any cash and securities hereafter deposited or required to be deposited with the Master Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate) being herein collectively referred to as the "Trust Estate") unto the Master Trustee and its successors and assigns forever;

**SUBJECT AND SUBORDINATE, HOWEVER,** to the Permitted Encumbrances (as defined herein);

**BUT IN TRUST, NEVERTHELESS,** for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Obligations without any priority of any such Obligations over any other such Obligations except as herein otherwise expressly provided;

**UPON CONDITION** that, if the Obligated Group Members or their successors or assigns shall well and truly pay, or cause to be paid, the principal of (and premium, if any) and interest on the Outstanding Obligations according to the true intent and meaning thereof, or there shall be deposited with the Master Trustee such amounts in such form in order that none of the Obligations shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this grant shall be released by the Master Trustee in due form at the expense of the Obligated Group Members, except only as herein provided; otherwise this grant to be and shall remain in full force and effect;

**UPON FURTHER CONDITION** as to any property included in the Trust Estate that, upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in Section 4.19 hereof have been satisfied, the rights, titles, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and this grant shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members;

**ALL THINGS NECESSARY** to make this Master Indenture a valid agreement and contract for the security of the Obligations in accordance with the terms of such Obligations and this Master Indenture have been done;

**IT IS HEREBY COVENANTED AND DECLARED** that the Trust Estate is to be held and applied by the Master Trustee, subject to the further covenants, conditions, and trusts hereinafter set forth, and the Obligated Group Members do hereby covenant and agree to and with the Master Trustee, for the equal and proportionate benefit of all Holders of the Obligations except as herein otherwise expressly provided; and

**THIS INDENTURE FURTHER WITNESSETH** and it is expressly declared that all Obligations issued and secured hereunder are to be issued, authenticated and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Obligated Group Members have agreed and covenanted, and do hereby agree and covenant, with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of the Obligations except as herein otherwise expressly provided as follows:

## **ARTICLE I DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS**

**Section 1.01. Definition of Terms.** For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "this Indenture" or "this Master Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof;

(2) all references in this instrument designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof," and "hereunder" and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section, or other subdivision;

(3) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular number; and

(4) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP applied in accordance with Section 1.02 of this Master Indenture.

"Accountant" means a certified public accountant, or a firm of certified public accountants, who or which is "independent" as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to any Member or its Affiliates (but who or which may be regularly retained by a Member or its Affiliates).

"Act" when used with respect to any Holder of Obligations has the meaning specified in Section 1.04.

"Additional Indebtedness" means Indebtedness incurred by any Member subsequent to the issuance of the Series 2014 Obligations.

"Additional Obligation" means any evidence of Indebtedness or evidence of any repayment obligation under any Interest Rate Agreement issued after the issuance of the Series 2014 Obligations, which is authorized to be issued by a Member pursuant to this Master Indenture which has been authenticated by the Master Trustee pursuant to Section 2.03 hereof.

"Affiliate" of any specified Person means 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 policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or

otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Payments” means regularly scheduled periodic fees payable by the Corporation or any other Member of the Obligated Group pursuant to any agreements from time to time between any Obligated Group Member and an Affiliate that is not otherwise part of the Obligated Group.

“Affiliate Subordinated Indebtedness” means the Federation Subordinated Obligation, fees and other amounts due to an Affiliate of a Member of the Obligated Group for money borrowed, credit extended or payments which are deferred pursuant to Section 3.07(a) hereof or not yet payable at the time of calculation and which are subordinate to payments due on all Obligations issued hereunder in accordance with the written agreements between the Member of the Obligated Group and the Affiliates made in favor of the Master Trustee.

“Affiliation” means any arrangement with an unrelated Person or group of Persons that would result in the Obligated Group being directly or indirectly controlled by or under direct or indirect common control with such Person or group of Persons.

“Annual Budget” means the annual budget of the Obligated Group required to be provided by the Obligated Group Representative pursuant to Section 4.15 hereof.

“Assisted Living Units” means the 48 assisted living units that are part of the Project.

“Authorized Representative” shall mean, with respect to the Obligated Group Representative and each Obligated Group Member, its respective chief executive officer or president, or any other person or persons designated an Authorized Representative thereof by an Officer’s Certificate of the Obligated Group Representative or the Obligated Group Member, signed by the respective Designated Officer and delivered to the Master Trustee.

“Balloon Indebtedness” means Long-Term Indebtedness, (i) 25% or more of the original principal of which matures during any consecutive 12 month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12 month period so that, following such amortization, the principal amount maturing during such 12-month period will be less than 25% of such original principal amount; and (ii) any portion of the original principal amount of which (1) may be tendered for purchase or redemption prior to maturity at the option of the owner thereof (including any such Indebtedness which is payable on demand within 365 days from the date of incurrence), or (2) is required to be tendered for purchase or redemption (other than for mandatory sinking fund redemption) prior to maturity thereof.

“Board Resolution” of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have been duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification, and delivered to the Master Trustee.

“Book Value” when used with respect to Property of a Member, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of such Member that have been prepared in accordance with GAAP,

and when used with respect to Property of all Members, means the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited combined financial statements of the Obligated Group prepared in accordance with GAAP, provided that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

“Business Day” means any day other than (i) a Saturday, a Sunday or, in the City of New York, New York, or in Orlando, Florida (or, if different, in the city in which the designated corporate trust office of the Related Bond Trustee is located), a day on which banking institutions are authorized or required by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

“Capital Additions” means all property or interests in property, real, personal and mixed (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Mortgaged Property and (b) the cost of which is properly capitalized under GAAP.

“Capitalized Lease” means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee.

“Capitalized Rentals” means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

“Cash and Investments” means the sum of cash, cash equivalents and marketable securities of the Obligated Group Members, including without limitation board-designated assets, and any amounts, if any, on deposit in the Repair and Replacement Fund, in the Working Capital Fund, the Liquidity Support Fund and the Minimum Liquid Reserve Accounts, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations hereunder, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Chapter 651 Entrance Fee Escrow Agent” means initially Branch Banking and Trust Company, as escrow agent for the Entrance Fee Escrow Account, required to be maintained pursuant to Chapter 651, Florida Statutes.

“Closing Date” means the date of the initial delivery of the Series 2014 Obligations.

“Code” means the Internal Revenue Code of 1986, as amended from time to time and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

“Consent,” “Order,” and “Request” of any specified Person means, respectively, a written consent, order, or request signed in the name of such Person by the Chairman of the Governing Body, the President, a Vice President, the Treasurer, an Assistant Treasurer or the Chief



Financial Officer of such Person or any other person or persons designated by an Officer's Certificate and delivered to the Master Trustee.

"Construction Index" means the most recent issue of the "Dodge Construction Index for U.S. and Canadian Cities" with reference to the city in which the subject property is located (or, if such index is not available for such city, with reference to the city located closest geographically to the city in which the subject property is located), or, if such index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Obligated Group Representative in an Officer's Certificate delivered to the Master Trustee and which other index is acceptable to the Master Trustee.

"Construction Monitor" means zumBrunner, Inc., and its successors and assigns.

"Consultant" means a professional consulting, accounting, investment banking or commercial banking firm or individual selected by the Obligated Group Representative having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm or individual does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof.

"Contributions" means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable fiscal year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such fiscal year to cash or marketable securities.

"Credit Facility" means any Liquidity Facility, letter of credit, bond insurance policy, standby purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Indebtedness of any Obligated Group Member.

"Credit Facility Agreement" means any agreement between the Obligated Group Representative and the provider of a Credit Facility relating to the issuance of a Credit Facility.

"Cumulative Cash Operating Loss" means, commencing with the earliest date a resident has taken physical possession of one of the living units included in the Project, the sum, on a cumulative basis, of resident service revenues (excluding amortization of Entrance Fees), plus other operating revenues, plus Unrestricted Contributions, plus Entrance Fees (excluding Initial Entrance Fees), plus investment earnings minus (a) Entrance Fees refunded to residents and (b) the aggregate of all Operating Expenses (including development fees) and capital expenditures which are not part of the Project and are paid from moneys other than proceeds of the Series 2014 Bonds excluding (i) depreciation and amortization and other non-cash expenses, and (ii) any cost, fee or expense paid from the proceeds of Series 2014 Bonds or interest earnings thereon.

"Current Value" means (i) with respect to Property, Plant and Equipment: (a) the aggregate fair market value of such Property, Plant and Equipment as reflected in the most recent written report of an appraiser selected by the Obligated Group Representative and, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI),

delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated) increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated, minus the fair market value (as reflected in such most recent appraiser's report) of any Property, Plant and Equipment included in such report but disposed of since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated; plus (b) the Book Value of any Property, Plant and Equipment acquired since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such acquisition to the date as of which Current Value is to be calculated, minus (c) the Book Value of any such Property, Plant and Equipment acquired since the last such report but disposed of; and (ii) with respect to any other Property, the fair market value of such Property.

"Days' Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Expenses (including interest on Indebtedness but excluding provisions for bad debt amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending February 28 (or February 29 in a leap year) and August 31, as derived from the quarterly financial statements delivered pursuant to Section 4.15(a)(ii) hereof, by 365.

"Debt Service Coverage Ratio" means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) the Maximum Annual Debt Service Requirement on the date of calculation on Long-Term Indebtedness, other than Subordinated Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period during which the interest on any Long-Term Indebtedness is being funded from the proceeds thereof, the Maximum Annual Debt Service Requirement for such Indebtedness shall be disregarded for such period, and the Income Available for Debt Service shall not include interest on any funds established with the proceeds of such Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period which includes the last date to which interest on such Long Term Indebtedness is being capitalized under GAAP or is being paid from the proceeds thereof (the "Capitalized Interest End Date"), the numerator and the denominator of the Debt Service Coverage Ratio shall be calculated as the aggregate of the amounts determined in accordance with the provisions hereof for the respective periods before and after the Capitalized Interest End Date.

"Debt Service Requirements" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of (i) principal of Long-Term Indebtedness (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise), (ii) interest on outstanding Long-Term Indebtedness and (iii) Capitalized Lease Payments; provided that: (a) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in Section 4.18 hereof; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (c) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay

such principal and such amounts so required to be applied are sufficient to pay such principal; (d) principal of Indebtedness due in its final year shall be excluded from the determination of Debt Service Requirements to the extent moneys were initially deposited and are on deposit as of the date of calculation in a debt service reserve fund which required that moneys on deposit in the debt service reserve fund be used to pay a principal payment in the final year of such Indebtedness, and except for the payment to be received from such debt service reserve fund, the Indebtedness would have had approximately level debt service; and (e) principal and interest payments on Subordinated Indebtedness shall be excluded from Debt Service Requirements.

“Debt Service Reserve Fund” means the debt service reserve fund established in any Related Bond Indenture to secure payment of any series of Related Bonds.

“Defeasance Obligations” means:

(1) Direct obligations of the United States of America or obligations to the full and prompt payment of which the full faith and credit of the United States of America is pledged or evidences of ownership of proportionate interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated; and

(2) Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (i) Federal Home Loan Bank System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Federal Home Loan Mortgage Company;
- (v) Federal Housing Administration;
- (vi) Federal National Mortgage Association;

(vii) Any other agency or instrumentality of the United States of America created by an Act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; and

(3) Obligations described in Section 103(a) of the Code, provision for the payment of the principal of (and premium, if any) and interest on which shall have been made by the irrevocable deposit at least 123 days preceding the date of determination with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of money, or obligations described in clause (1) above, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money, sufficient to pay when due the principal of (and premium, if any) and interest on

such obligations, and which money, or obligations described in clause (1) above, are not available to satisfy any other claim, including any claim of the trustee or escrow agent or any claim of any Person claiming through the trustee or escrow agent or any claim of any Person to whom the Person on whose behalf such irrevocable deposit was made, the trustee, or the escrow agent may be obligated, whether arising out of the insolvency of the Person on whose behalf such irrevocable deposit was made, the trustee or escrow agent or otherwise.

“Designated Officer” means the Chairperson of the Governing Body, President, any Vice President, the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary of the Obligated Group Representative, or any other person or persons so designated by an Officer’s Certificate delivered to the Master Trustee.

“Entrance Fee Escrow Account” means the account maintained pursuant to the Entrance Fee Escrow Agreement in order to satisfy the requirements of Sections 651.022(7), 651.023(3) and 651.033(3), Florida Statutes. Any funds on deposit in such account shall not be subject to any liens, charges, judgments, garnishments or creditors’ claims against the Obligated Group including, but not limited to, Holders of Obligations issued hereunder, except as provided in Section 651.033(1)(d), Florida Statutes, as may be amended from time to time.

“Entrance Fee Escrow Agreement” means the Sinai Residences of Boca Raton Reservation Deposit and Entrance Fee Escrow Agreement dated as of April 12, 2012, by and between the Corporation and the Chapter 651 Entrance Fee Escrow Agent.

“Entrance Fee Fund” means the fund created by Section 2.01 of the Initial Supplemental Indenture.

“Entrance Fees” means fees, other than security deposits, monthly rentals or monthly service charges, paid to a Member by residents of Independent Living Units for the purpose of obtaining the right to reside in those units including any refundable resident deposits described in any lease or similar Residency Agreements with respect to those units, but shall not include any such amounts held in escrow or otherwise set aside pursuant to the requirements of any such agreement prior to the occupancy of the unit covered by such Residency Agreement or pursuant to Chapter 651, Florida Statutes, as amended (which amounts shall be included if and when occupancy occurs and such set-aside is no longer required).

“Event of Default” has the meaning set forth in Article VII hereof.

“Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including without limitation any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) interest on Long-Term Indebtedness, (b) depreciation and amortization, (c) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (f) non-cash expenses or losses, and (g) any development, marketing, operating, or management fees that have been deferred from the year in which they were

originally due. If such calculation of Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Facilities” means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Florida Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

“Feasibility Report” means a report prepared and signed by a Consultant, who is an Accountant, setting forth for a forecast period not exceeding five Fiscal Years from the later of the date of the issuance of the Long-Term Indebtedness in question, or the completion of the Capital Additions financed with such Long-Term Indebtedness: (i) forecasted financial statements prepared on the same basis as the Obligated Group’s audited financial statements; and (ii) a full explanation of the assumptions and rationale used in preparing such forecasts, including that such forecasts have taken into account the projected utilization of the Obligated Group’s Facilities, the rates and charges to patients and residents and such other data and information as may be necessary to support the forecasted financial statements; which shall be accompanied by an opinion of such Consultant that the underlying assumptions provide a reasonable basis for such forecast.

“Federation” means the Jewish Federation of South Palm Beach County, Inc., a Florida not-for-profit corporation.

“Federation Subordinated Obligation” means the Subordinated Obligation issued by the Obligated Group to the Federation pursuant to and described in the Initial Supplemental Indenture.

“Fiscal Year” means any 12 month period beginning on September 1 of any calendar year and ending on August 31 of such calendar year, or such other consecutive 12 month period selected by the Obligated Group Representative as the fiscal year for the Members.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group, with written notice to the Master Trustee.

“Funded Interest” means amounts irrevocably deposited in an escrow or other trust account to pay interest on Long-Term Indebtedness or Related Bonds and interest earned on amounts irrevocably deposited in an escrow or other trust account to the extent such interest earned is required to be applied to pay interest on Long-Term Indebtedness or Related Bonds.

“GAAP” means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented or amended.

“Governing Body” means, with respect to a Member, the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

“Government Obligations” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use to make payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow under Chapter 651, Florida Statutes, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

“Guaranty” means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

“Historical Pro Forma Debt Service Coverage Ratio” means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the

Indebtedness then outstanding (other than any Indebtedness being refunded with the Indebtedness then proposed to be issued) and the Indebtedness then proposed to be issued and a denominator of one.

“Holder” means a bearer of any Obligation issued in bearer form, and the registered owner of any Obligation issued in registered form.

“Income Available for Debt Service” means for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

“Indebtedness” means, for any Person, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with GAAP, and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise; provided that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, Interest Rate Agreements or any obligation to repay Entrance Fees or moneys deposited by residents or others with a Member as security for or as prepayment of the cost of care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents.

“Independent Living Units” means, collectively, the 237 independent living units that are part of the Project, and any additional independent living units that are part of any Capital Additions.

“Initial Entrance Fees” means Entrance Fees received upon the initial occupancy of any Independent Living Unit not previously occupied.

“Initial Supplemental Indenture” means Supplemental Indenture Number 1, dated as of May 1, 2014, between the Obligated Group Representative and the Master Trustee.

“Initial Underwriter” means, collectively, the Series 2014A/B/C Underwriter and the Series 2014D Underwriter.

“Insurance and Condemnation Fund” means the fund created by Section 3.03 hereof.

“Insurance Consultant” means a Person who in the case of an individual is not an employee or officer of any Member and which, in the case of a firm, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, appointed by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for continuing care and retirement communities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Member transacts business.

“Interest Payment Date” means the Stated Maturity of an installment of interest on the Obligations.

“Interest Rate Agreement” means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer’s Certificate of the Obligated Group Representative delivered to the Master Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g. a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof. An Interest Rate Agreement shall not constitute Indebtedness hereunder.

“Lien” means any mortgage, pledge or lease of, security interest in or lien, charge or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Capitalized Lease under which any Member is lessee and the lessor is not another Member.

“Liquidity Facility” means a written commitment to provide money to purchase or retire any Indebtedness if (i) on the date of delivery of such Liquidity Facility, the unsecured Long-Term Indebtedness or claims paying ability of the provider of such Liquidity Facility or its parent holding company or other controlling entity is rated at least “A” by a least one of the Rating Agencies and (ii) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the obligor on such Long-Term Indebtedness for a period of at least one year.

“Liquidity Requirement” has the meaning given such term in Section 4.21 hereof.

“Liquidity Support Agreement” has the meaning given such term in Section 1.01 of the Initial Supplemental Indenture.

“Liquidity Support Fund” means the fund created under Section 2.04 of the Initial Supplemental Indenture.

“Long-Term Indebtedness” means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed, credit extended, incurred or assumed which is not Short Term; (b) the Person’s Guaranties of Indebtedness which are not Short Term; and (c) Capitalized Rentals under Capitalized Leases entered into by the Person; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Indenture.

“Manager” shall initially mean Life Care Services LLC and any entity succeeding to its responsibilities in regard to the Project.

“Marketing Consultant” shall initially mean Greenbrier Development, LLC and any entity succeeding to its responsibilities in regard to the Project.

“Master Indenture” means this Master Indenture, as supplemented or amended by all Supplements authorized and executed pursuant to the terms of this Master Indenture.

“Master Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as master trustee hereunder, and any successor in trust appointed pursuant to Article VIII hereof.

“Maturity” when used with respect to any Indebtedness means the date on which the principal of such Indebtedness or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

“Maximum Annual Debt Service Requirement” means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year; provided that, for purposes of determining the Maximum Annual Debt Service Requirement, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt, provided, further, that for purposes of determining the Debt Service Requirements for variable rate debt for which a Credit Facility is provided, if the reimbursement agreement for such Credit Facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt. For the purpose of determining the interest rate on any Long-Term Indebtedness which bears interest at a variable rate, such interest rate shall be assumed in accordance with Section 4.18(a) hereof, plus Credit Facility and remarketing fees; or (2) for the purpose of any historical Maximum Annual Debt Service Requirement, the actual interest paid for the period of determination.

“Memory-Support Units” means the 24 memory-support units that are part of the Project.

“Minimum Liquid Reserve Accounts” means the accounts maintained pursuant to the Agreement for Sinai Residences of Boca Raton Debt Service Reserve Escrow Account, Operating Reserve Escrow Account and Renewal and Replacement Escrow Account to be entered into among the Obligated Group and U.S. Bank National Association, as acknowledged by the Florida Office of Insurance Regulation, in order to satisfy the minimum liquid reserve requirements of Section 651.035, Florida Statutes. Any funds on deposit in such accounts shall not be subject to any liens, charges, judgments, garnishments or creditors’ claims against the Obligated Group including, but not limited to, Holders of Obligations issued hereunder, except as provided in Section 651.033(1)(d), Florida Statutes, as may be amended from time to time.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group, with written notice to the Master Trustee.

“Mortgage” means the Mortgage and Security Agreement dated May 21, 2014 from the Corporation to the Master Trustee, as it may be supplemented or amended from time to time, and any additional mortgage given by any Obligated Group Member to secure Obligations other than Subordinated Obligations.

“Mortgaged Property” means the real property and personal property of the Members of the Obligated Group which is subject to the Mortgage.

“Net Proceeds” means, when used with respect to any insurance (other than the proceeds of business interruption insurance) or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including attorney’s fees, adjuster’s fees and any expenses of the Obligated Group or the Master Trustee) incurred in the collection of such gross proceeds.

“Net Rentals” means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

“Nursing Beds” means the 60 skilled nursing beds that are part of the Project.

“Obligated Group” means, collectively, all of the Obligated Group Members.

“Obligated Group Member” or “Member” means the Corporation and any other Person who has satisfied the requirements set forth in this Master Indenture for becoming an Obligated Group Member and its successors until any such Person or a successor or transferee Person satisfies the requirements set forth in this Master Indenture for ceasing to be an Obligated Group Member.

“Obligated Group Representative” means the Corporation, or any successor Obligated Group Representative appointed pursuant to Section 6.04 hereof.

“Obligation” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation of any Obligated Group Member which is authenticated and delivered pursuant to this Master Indenture and which is entitled to the benefits of this Master Indenture.

“Obligation Register” means the register of ownership of the Obligations to be maintained pursuant to this Master Indenture.

“Occupied” means an Independent Living Unit for which a Residency Agreement has been executed and all related Entrance Fees have been paid.

“Officer’s Certificate” means a certificate signed, in the case of a certificate delivered by a Member of the Obligated Group, by the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Vice President, Director of Finance or any other Authorized Representative of any Member of the Obligated Group or in the case of a certificate

delivered by any other corporation, by the President, any Vice President, Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person, in either case whose authority to execute such certificate shall be evidenced to the satisfaction of the Master Trustee.

“Operating Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including without limitation any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) depreciation and amortization, (b) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (c) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (d) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (e) non-cash expenses or losses, and (f) any development, marketing, operating, or management fees that have been deferred from the year in which they were originally due. If such calculation of Operating Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by legal counsel selected by the Obligated Group Representative and reasonably acceptable to the Master Trustee who shall be nationally recognized in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided herein) be counsel to any Obligated Group Member and shall be reasonably acceptable to the Master Trustee.

“Organizational Documents” of any corporation means the articles of incorporation, certificate of incorporation, corporate charter or other document pursuant to which such corporation was organized, and its bylaws, each as amended from time to time, and as to any other Person, means the instruments pursuant to which it was created and which govern its powers and the authority of its representatives to act on its behalf.

“Outstanding” when used with respect to Obligations means, as of the date of determination, all Obligations theretofore authenticated and delivered under this Master Indenture, except:

- (1) Obligations theretofore cancelled and delivered to the Master Trustee or delivered to the Master Trustee for cancellation;
- (2) Obligations for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 10.02 of this Master Indenture) shall have theretofore been deposited with the Master Trustee or any Paying Agent for such Obligations in trust for the Holders of such Obligations pursuant to this Master Indenture; provided, that, if such Obligations are to be redeemed, notice of such redemption has been duly given or waived pursuant to this Master Indenture or irrevocable provision for

the giving of such notice satisfactory to the Master Trustee has been made pursuant to this Master Indenture; and

- (3) Obligations upon transfer of or in exchange for or in lieu of which other Obligations have been authenticated and delivered pursuant to this Master Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Obligations have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Obligations owned by any Obligated Group Member or any Affiliate of any Obligated Group Member shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Obligations that the Master Trustee knows to be so owned shall be so disregarded. Obligations so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Master Trustee the pledgee’s right so to act with respect to such Obligations and that the pledgee is not an Obligated Group Member or an Affiliate of any Obligated Group Member.

“Paying Agent” means any Person authorized by the Obligated Group Representative to pay the principal of (and premium, if any) or interest on any Obligations on behalf of the Obligated Group.

“Permitted Encumbrances” means this Master Indenture, the Mortgage, any Related Loan Agreement, any Related Bond Indenture and, as of any particular date:

- (a) Liens arising by reason of good faith deposits with a Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;
- (b) any Lien described in Exhibit A which is existing on the date of execution of this Master Indenture provided that no such Lien may be extended, renewed or modified to apply to any Property of a Member of the Obligated Group not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance;
- (c) any Lien on the Property of any Member granted in favor of or securing Indebtedness to any other Member;

(d) any Lien on Property if such Lien equally and ratably secures all of the Obligations and only the Obligations;

(e) Liens granted to secure Indebtedness, as permitted by Section 4.17;

(f) leases which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases, such as office space for physicians and educational institutions, food and beverage service facilities, gift shops, commercial, beauty shop, banking, radiology, other similar specialty services, pharmacy and similar departments or employee rental apartments; and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's length transaction;

(g) Liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 4.05 hereof;

(h) utility, access and other easements and rights of way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(i) any mechanic's, laborer's, materialmen's, broker's, appraiser's, supplier's or vendor's Lien or right in respect thereof if payment is not yet due under the contract in question or has been due for less than 60 days, or if such Lien is being contested in accordance with the provisions of this Master Indenture;

(j) such Liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof;

(k) zoning laws and similar restrictions which are not violated by the Property affected thereby;

(l) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill Burton grants, and similar rights under other federal statutes or statutes of the state in which the Property involved is located;

(m) all right, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(n) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, provided that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Member and such Liens

attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(o) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which any Member shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(p) Liens on moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment, prepayment or similar funds deposited by or on behalf of such residents;

(q) Liens on Property due to rights of third party payors for recoupment of excess reimbursement paid;

(r) any security interest in a rebate fund, any depreciation reserve, debt service or interest reserve, debt service, construction fund or any similar fund established pursuant to the terms of any Supplement, Related Bond Indenture or Related Loan Agreement in favor of the Master Trustee, a Related Bond Trustee or the holder of the Indebtedness issued pursuant to such Supplement, Related Bond Indenture or Related Loan Agreement;

(s) any Lien on any Related Bond or any evidence of Indebtedness of any Member acquired by or on behalf of any Member which secures an obligation of such Member to the provider of a Credit Facility or Liquidity Facility;

(t) any Lien on Property acquired by a Member which Lien secures Indebtedness issued, incurred or assumed by any Member, in connection with and to effect such acquisition or existing Indebtedness which will remain outstanding after such acquisition which Lien encumbers Property other than Property that is pledged pursuant to Granting Clause Second of this Master Indenture, if in any such case the aggregate principal amount of such Indebtedness does not exceed the fair market value subject to such Lien as determined in good faith by the Governing Body of the Member;

(u) such Liens, covenants, conditions and restrictions, if any, which do not secure Indebtedness and which are other than those of the type referred to above, and which (i) in the case of Property owned by the Obligated Group on the date of execution of the Master Indenture, do not and will not, so far as can reasonably be foreseen, materially adversely affect the value of the Property currently affected thereby or materially impair the same, and (ii) in the case of any other Property, do not materially impair or materially interfere with the value, operation or usefulness thereof for the purpose for which such Property was acquired or is held by a Member; or

(v) such Liens as are required to be granted by Chapter 651, Florida Statutes, as amended.

“Permitted Investments” means dollar denominated investments, to the extent permitted by law, in any of the following:

- (a) Government Obligations;
- (b) debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated by any Rating Agency in one of the three highest categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);
- (c) any bond, debenture, note, participation certificate or other similar obligation which is either (i) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank Association, or (ii) backed by the full faith and credit of the United States of America;
- (d) U.S. denominated deposit account, certificates of deposit and banker’s acceptances with domestic commercial banks, including the Master Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which matures not more than 360 days after the date of purchase;
- (e) commercial paper which is rated at the time of purchase within the classification or higher, “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase;
- (f) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);
- (g) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (1) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by such Rating Agency; provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating

Agency, the provider of the investment agreement must immediately notify the Master Trustee and the investment agreement must, within 30 days, either (1) be assigned to a provider rated in one of the three highest rating categories or (2) be secured by the provider with collateral securities the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; investment agreements with banks or non-bank financial institutions shall not be permitted if no rating is available with respect to debt of the investment agreement provider or the related guarantor of such provider;

(h) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including without limitation a Related Bond Trustee or the Master Trustee), a trust company, financial services firm or a broker dealer, provided that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and that the collateral is, to the knowledge of the Master Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than weekly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of a Related Bond Trustee or the Master Trustee’s agent; and

(i) shares of a money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least \$100,000,000 and having a rating AAAM or AAAM-G by a Rating Agency, including money market mutual funds from which the Master Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

The Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent receipt of written notice or information to the contrary. To the extent such investment is no longer a Permitted Investment, the Obligated Group Representative shall promptly provide the Master Trustee written notice of such status and the Master Trustee shall proceed to invest such amounts pursuant to Section 3.04 herein.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or any other entity.

“Place of Payment” for a series of Obligations means a city or political subdivision designated as such pursuant to this Master Indenture or a Supplement.

“Premises” means the real property described in Exhibit A to the Mortgage, as it may be amended from time to time.

“Primary Obligor” means the Person who is primarily obligated on an obligation which is guaranteed by another Person.



“Project” means Sinai Residences of Boca Raton, a continuing care retirement community consisting of (a) the Premises, (b) the 237 independent living units, 48 assisted living units, 24 memory-support units and 60 skilled nursing beds, and related common areas, (c) necessary or useful furnishings, equipment and machinery, and (d) such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation facilities.

“Property” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired by a Person.

“Property, Plant and Equipment” means all Property of each Member which is classified as property, plant and equipment under GAAP.

“Rating Agency” means Moody’s, Standard & Poor’s or Fitch.

“Related Bond Indenture” means the Series 2014A/B/C Bond Indenture, the Series 2014D Bond Indenture and any other indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Trustee” means the Series 2014A/B/C Bond Trustee, the Series 2014D Bond Trustee and the trustee and its successor in the trust created under any other Related Bond Indenture.

“Related Bonds” means the Series 2014 Bonds and any other revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (“governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to any Obligated Group Member in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“Related Issuer” means the governmental issuer of any Related Bonds.

“Related Loan Agreement” means the Series 2014A/B/C Loan Agreement, the Series 2014D Loan Agreement and any other loan agreement, financing agreement, credit agreement or other comparable instrument entered into in connection with a series of Related Bonds.

“Repair and Replacement Fund” means the fund created by Section 3.02 hereof.

“Required Information Recipient” means the Master Trustee, each Related Bond Trustee, the Initial Underwriter, the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board, the Bondholder Representative for the Series 2014D Bonds and all Bondholders who hold \$500,000 or more of Related Bonds and request such reports in writing (which written request shall include a certification as to such ownership).

“Reserved” means an Independent Living Unit (a) which is Occupied or (b) for which a Member of the Obligated Group has received a deposit equal to not less than 10% of the Entrance Fee related to such Independent Living Unit.

“Residency Agreement” means each and every contract, including without limitation any “Reservation Agreement” or “Residency Agreement”, as amended from time to time, between an Obligated Group Member and a resident of the Obligated Group’s Facilities, including the Project, giving the resident certain rights of occupancy in the Facilities, including, without limitation, the Independent Living Units, assisted living units, skilled nursing beds or specialty care (dementia) beds and providing for certain services to such resident.

“Responsible Officer” when used with respect to the Master Trustee means the officer in the corporate trust department or comparable department of the Master Trustee having direct responsibility for administration of this Master Indenture.

“Revenue Fund” means the fund created by Section 3.01 hereof.

“Revenues” means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) net patient service revenues and resident service revenues plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain from the extinguishment of debt or other extraordinary item, earnings which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness, but including investment income), plus (iv) Unrestricted Contributions, plus (v) Entrance Fees (other than Initial Entrance Fees) received minus (A) Entrance Fees amortized during such Fiscal Year and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative investments, (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write up of fixed or capital assets, (iv) any revenues recognized from deferred revenues related to Entrance Fees and (v) insurance (other than business interruption) and condemnation proceeds; provided, however, that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Member and any other Member. For purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Series 2014 Bonds” means the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds.

“Series 2014 Obligations” means the Series 2014A Obligation, the Series 2014B Obligation, the Series 2014C Obligation and the Series 2014D Obligation issued by the Obligated Group pursuant to and described in the Initial Supplemental Indenture.

“Series 2014A Bonds” means the Palm Beach County Health Facilities Authority Revenue Bonds (Sinai Residences of Boca Raton Project) Series 2014A.

“Series 2014A/B/C Bond Indenture” means the Indenture of Trust dated as of May 1, 2014, between the Palm Beach County Health Facilities Authority and the Series 2014A/B/C Bond Trustee, relating to the Series 2014A Bonds, the Series 2014B Bonds and the Series 2014C Bonds.

“Series 2014A/B/C Bond Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee under the Series 2014A/B/C Bond Indenture, and any successor in trust appointed pursuant to the Series 2014A/B/C Bond Indenture.

“Series 2014A/B/C Loan Agreement” means the Loan Agreement dated as of May 1, 2014, between the Palm Beach County Health Facilities Authority and the Obligated Group, relating to the Series 2014A Bonds, the Series 2014B Bonds and the Series 2014C Bonds.

“Series 2014A/B/C Underwriter” means Herbert J. Sims & Co., Inc., as initial underwriter of the Series 2014A Bonds, the Series 2014B Bonds and the Series 2014C Bonds.

“Series 2014B Bonds” means the Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project) Series 2014B.

“Series 2014C Bonds” means the Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project) Series 2014C.

“Series 2014D Bond Indenture” means the Indenture of Trust dated as of May 1, 2014 between the Palm Beach County Health Facilities Authority and the Series 2014D Bond Trustee relating to the Series 2014D Bonds.

“Series 2014D Bond Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee under the Series 2014D Bond Indenture, and any successor in trust appointed pursuant to the Series 2014D Bond Indenture.

“Series 2014D Bonds” means, collectively, the Series 2014D-1 Bonds and the Series 2014D-2 Bonds.

“Series 2014D Liquidity Support Agreement” has the meaning given such term in Section 1.01 of the Initial Supplemental Indenture.

“Series 2014D Loan Agreement” means the Loan Agreement dated as of May 1, 2014, between the Palm Beach County Health Facilities Authority and the Obligated Group, relating to the Series 2014D Bonds.

“Series 2014D Underwriter” means, collectively, Herbert J. Sims & Co., Inc. and Cross Point Capital LLC, as initial underwriters of the Series 2014D Bonds.

“Series 2014D-1 Bonds” means the Palm Beach County Health Facilities Authority Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project) Subseries 2014D-1.

“Series 2014D-2 Bonds” means the Palm Beach County Health Facilities Authority Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project) Subseries 2014D-2.

“Short Term,” when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

“Stable Occupancy” means the first full month following the first full Fiscal Year in which all these conditions have been met: (a) the aggregate average annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) all the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds have been paid in full, and are no longer outstanding.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative, with written notice to the Master Trustee.

“State” means the State of Florida.

“Stated Maturity” when used with respect to any Indebtedness or any installment of interest thereon means any date specified in the instrument evidencing such Indebtedness or such installment of interest as a fixed date on which the principal of such Indebtedness or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Subordinated Indebtedness” means (i) Affiliate Subordinated Indebtedness and (ii) any promissory note, guaranty, lease, contractual agreement to pay money or other obligation meeting the requirements of Section 4.16(a)(viii).

“Subordinated Obligation” means an Obligation that evidences Subordinated Indebtedness.

“Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

“Tax Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Threshold Amount” means the greater of (a) 3% of Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (b) \$1,000,000 plus an amount equal to \$1,000,000 multiplied by a

percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of May 21, 2014.

“Trust Estate” has the meaning given such term in the Granting Clauses hereof.

“Unrestricted Contributions” means Contributions which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

“Working Capital Fund” means the fund created under Section 2.02 of the Initial Supplemental Indenture.

#### **Section 1.02. Compliance Certificates and Reports.**

Whenever the amount or date of any of the following is a condition to the taking of any action permitted hereby,

(a) Estimated Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any future Fiscal Year shall be established by a certificate or report of a Consultant stating the amount of such estimated item based upon assumptions provided by such Person and stating that such assumptions are, in the opinion of the Consultant, reasonable.

(b) any of:

(1) Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any prior Fiscal Year or period,

(2) Maximum Annual Debt Service of any Person, and

(3) principal of and interest on any Indebtedness

shall be established by an Officer’s Certificate of the Obligated Group Representative stating the amount of such item and that such amounts have been derived from either the most recent financial statements of the Obligated Group delivered to the Master Trustee pursuant to Section 4.15 hereof or, for any period other than a prior Fiscal Year, from the internally prepared financial statements of the Obligated Group for such period;

(c) the anticipated date of completion of any construction project of any Person shall be established by an Officer’s Certificate of the Obligated Group Representative; and

(d) securities shall include any amounts invested in marketable securities, whether classified as short term or long term assets.

All calculations required to be made hereunder with respect to the Obligated Group shall be made after elimination of intercompany items on a combined basis. The character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes hereof, shall be determined or made in accordance with GAAP in effect on the date

hereof, or at the option of the Obligated Group Representative, at the time in effect (provided that GAAP is applied consistently with the requirements existing either on the date hereof or at the time in effect) except that assets, liabilities, items of income and expenses of Affiliates which are not included in the Obligated Group shall not be taken into account, and except where such principles are inconsistent with the requirements of this Master Indenture; provided, however, that there shall not be included in any calculation of any item otherwise required to be included in such calculation with respect to any Person which has withdrawn or is withdrawing from the Obligated Group.

#### **Section 1.03. Form of Documents Delivered to Master Trustee.**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

#### **Section 1.04. Acts of Holders of Obligations.**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Indenture to be given or taken by Holders of Obligations may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders of Obligations in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee, and, where it is hereby expressly required, to the Obligated Group Representative. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders of Obligations signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of unregistered Obligations, shall be sufficient for any purpose of this Master Indenture and conclusive in favor of the Master Trustee and the Obligated Group Members, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

The amount of Obligations held in bearer form held by any Person executing any such instrument or writing as a Holder of Obligations, the numbers of such Obligations, and the date of his holding the same, may be proved by the production of such Obligations or by a certificate executed, as depository, by any trust company, bank, banker or member of a national securities exchange (wherever situated), if such certificate is in form satisfactory to the Master Trustee, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Obligations held in bearer form therein described; or such facts may be proved by the certificate or affidavit of the Person executing such instrument or writing as a Holder of Obligations, if such certificate or affidavit is in form satisfactory to the Master Trustee. The Master Trustee and the Obligated Group Members may assume that such ownership of any Obligation held in bearer form continues until (1) another certificate bearing a later date issued in respect of the same Obligation is produced, or (2) such Obligation is produced by some other Person, or (3) such Obligation is registered as to principal or is surrendered in exchange for an Obligation in registered form, or (4) such Obligation is no longer Outstanding.

(c) The fact and date of execution of any such instrument or writing and the amount and numbers of Obligations held in bearer form held by the Person so executing such instrument or writing may also be proved in any other manner which the Master Trustee deems sufficient; and the Master Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(d) The ownership of Obligations in registered form shall be proved by the Obligation Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Obligation shall bind every future Holder of the same Obligation and the Holder of every Obligation 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 Master Trustee or the Obligated Group Members in reliance thereon, whether or not notation of such action is made upon such Obligation.

**Section 1.05. Notices, etc., to Master Trustee and Obligated Group Members.** Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders of Obligations or other document provided or permitted by this Master Indenture to be made upon, given or furnished to, or filed with,

(1) the Master Trustee by any Holder of Obligations or by any specified Person shall be sufficient for every purpose hereunder if actually received by the U.S. Bank National Association, 225 E. Robinson Street, Suite 250, Orlando, Florida 32801, Attention: Corporate Trust Services;

(2) the Obligated Group Members by the Master Trustee or by any Holder of Obligations shall be sufficient for every purpose hereunder if in writing and e-mailed or mailed, first class postage prepaid, to the Obligated Group Representative addressed to it at 9901 Donna Klein Boulevard, Boca Raton, Florida 33428, Attention: President, or at any other address previously furnished in writing to the Master Trustee by the Obligated Group Representative; or

(3) any Obligated Group Member by the Master Trustee or by any Holder of Obligations shall be sufficient for every purpose hereunder if in writing and mailed, registered or certified first class postage prepaid, to the Obligated Group Member addressed to it at the address specified in the Supplement executed by such Obligated Group Member or at any other address previously furnished in writing to the Master Trustee by such Obligated Group Member.

**Section 1.06. Notices to Holders of Obligations; Waiver.** Where this Master Indenture provides for notice to Holders of Obligations of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Holder of such Obligations, at his address as it appears on the Obligation Register, not later than the latest date, and not earlier than the earliest date, prescribed for the transmission of such notice. Where this Master 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 Holders of Obligations shall be filed with the Master Trustee.

**Section 1.07. Notices to Rating Agencies.** If any of the Series 2014 Bonds are then rated by a Rating Agency, the Obligated Group Representative shall give prompt notice to such Rating Agency of any of the following events:

- (a) any Event of Default hereunder;
- (b) the incurrence by any Obligated Group Member of any Long-Term Indebtedness;
- (c) any addition to or withdrawal from the Obligated Group; and
- (d) any Interest Rate Agreement entered into by any Obligated Group Member.

**Section 1.08. Effect of Headings and Table of Contents.** The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

**Section 1.09. Successors and Assigns.** All covenants and agreements in this Master Indenture by the Obligated Group Members shall bind their respective successors and assigns, whether so expressed or not.

**Section 1.10. Severability Clause.** In case any provision in this Master Indenture or in the Obligations 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 1.11. Governing Law.** This Master Indenture shall be construed in accordance with and governed by the laws of the State.

[End of Article I]

## **ARTICLE II THE OBLIGATIONS**

### **Section 2.01. Series and Amount of Obligations.**

(a) Obligations shall be issued under this Master Indenture in series created by Supplements permitted hereunder. Each series shall be designated to differentiate the Obligations of such series from the Obligations of any other series. No Obligation issued hereunder shall be secured on a basis senior to other Obligations (other than Obligations which constitute Subordinate Indebtedness); provided, however, that the provision of an Interest Rate Agreement, a Credit Facility or the establishment of a debt service reserve fund or account for the benefit of the Holders of certain Obligations, shall not be considered as the providing of security for such Obligations. The number of series of Obligations that may be created under this Master Indenture is not limited. The aggregate principal amount of Obligations of each series that may be created under this Master Indenture is not limited except as restricted by Supplement and the provisions of Article IV of this Master Indenture.

(b) Any Obligated Group Member proposing to incur Indebtedness, other than the Series 2014 Obligations, whether evidenced by Obligations issued pursuant to a Supplement or by evidences of Indebtedness issued pursuant to documents other than this Master Indenture, shall give written notice of its intention to incur such Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the Obligated Group Representative and the other Obligated Group Members. The Obligated Group Representative shall provide the Master Trustee with a copy of any such notice it receives prior to the date such Indebtedness is to be incurred. Any such Obligated Group Member, other than the Obligated Group Representative, proposing to incur such Indebtedness other than the Series 2014 Obligations, shall obtain the written consent of the Obligated Group Representative, which consent shall be evidenced by an Officer's Certificate of the Obligated Group Representative filed with the Master Trustee or an endorsement to such Indebtedness signed by the Obligated Group Representative. The Series 2014 Obligations are issued simultaneously with the execution and delivery hereof.

**Section 2.02. Appointment of Obligated Group Representative.** Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive power to execute Supplements authorizing the issuance of Obligations or series of Obligations, (b) full and exclusive power to execute Obligations for and on behalf of the Obligated Group and each Obligated Group Member, (c) full and exclusive power to execute Supplements on behalf of the Obligated Group and each Obligated Group Member pursuant to Sections 9.01 and 9.02 hereof, and (d) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

**Section 2.03. Execution and Authentication of Obligations.** All Obligations shall be executed for and on behalf of the Obligated Group and the Obligated Group Members by an Authorized Representative of the Obligated Group Representative. The signature of any such Authorized Representative may be manual or may be mechanically or photographically

reproduced on the Obligation. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

This [Obligation] is one of the Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: \_\_\_\_\_,

Master Trustee

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

**Section 2.04. Supplement Creating Obligations.** The Obligated Group Representative (on behalf of the Obligated Group and the Obligated Group Members) and the Master Trustee may from time to time enter into a Supplement in order to create Obligations hereunder. Each Supplement authorizing the issuance of Obligations shall specify and determine the date of the Obligations, the principal amount thereof, the purposes for which such Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of maturity of such Obligations, the rate or rates of interest (or method of determining the rate or rates of interest) and premium, if any, borne by such Obligations, the arrangement for place and medium of payment, and any other provisions deemed advisable or necessary. Each Obligation shall be issuable, shall be transferable and exchangeable and shall be subject to redemption as specified in this Master Indenture and in the Supplement. Any Obligation to be held by a Related Bond Trustee in connection with the issuance of Related Bonds shall be in the principal amount equal to the aggregate principal amount of such Related Bonds and shall be registered in the name of the Related Bond Trustee as assignee of the issuer of the Related Bonds. Unless an Obligation has been registered under the Securities Act of 1933, as amended (or similar legislation subsequently enacted), each such Obligation shall be endorsed with a legend which shall read substantially as follows: "This [describe Obligation] has not been registered under the Securities Act of 1933 or any state securities law (or any such similar subsequent legislation);" provided, however, such legend shall not be required if the Master Trustee is provided with an Opinion of Counsel to the effect that such legend is not required.

A Supplement and the Obligations issued thereunder may contain, as applicable, provisions relating to a Credit Facility, as well as any and all compatible provisions necessary in order to make the Obligations meet the requirements of the provider of such Credit Facility. Similarly, a Supplement may provide for Obligations to be issued in fixed or variable rate forms,

as the case may be, with such tender and redemption provisions as may be deemed necessary for the issuance thereof and provide for the execution of required documents necessary for such purposes, and may specifically subordinate payment, remedies and any other provisions of the Obligations issued thereunder to the provisions of any other Obligations.

**Section 2.05. Conditions to Issuance of Obligations Hereunder.** With respect to Obligations created hereunder, simultaneously with or prior to the execution, authentication and delivery of Obligations pursuant to this Master Indenture:

(a) The Obligated Group Representative (on behalf of the Obligated Group and the Obligated Group Members) and the Master Trustee shall have entered into a Supplement as provided in Section 2.04 hereof, and all requirements and conditions to the issuance of such Obligations set forth in the Supplement and in this Master Indenture, including, without limitation, the provisions of Section 4.16 hereof (provided that such provisions shall not be applicable to the Series 2014 Obligations), shall have been complied with and satisfied, as provided in an Officer's Certificate of the Obligated Group Representative, a copy of which shall be delivered to the Master Trustee; and

(b) The Obligated Group Representative shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (2) this Master Indenture and the Obligations are valid, binding and enforceable obligations of each of the Obligated Group Members in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally, usual equity principles and other customary exclusions.

**Section 2.06. List of Holders of Obligations.** The Master Trustee shall keep on file at its office the Obligation Register which shall consist of a list of the names and addresses of the Holders of all Obligations. After reasonable notice to the Master Trustee, at reasonable times and under reasonable regulations established by the Master Trustee, the Obligation Register may be inspected and copied by any Obligated Group Member, the Holder of any Obligation or the authorized representative thereof, provided that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

**Section 2.07. Optional and Mandatory Redemption.** Obligations of each series shall be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity, as provided in the Supplement creating such series, but not otherwise.

**Section 2.08. Mutilated, Destroyed, Lost and Stolen Obligations.** If (i) any mutilated Obligation is surrendered to the Master Trustee, or the Obligated Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Obligation, and (ii) there is delivered to the Master Trustee such security or indemnity as may be required by the Master Trustee to save it and the Obligated Group Representative harmless, then, in the absence of notice to the Obligated Group Representative or the Master Trustee that such

Obligation has been acquired by a bona fide purchaser, the Obligated Group Representative shall execute and upon its request the Master Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Obligation, a new Obligation of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Obligation has become or is about to become due and payable, the Obligated Group Representative in its discretion may, instead of issuing a new Obligation, pay such Obligation.

Upon the issuance of any new Obligation under this Section, the Obligated Group Representative and the Master Trustee 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 (including the fees and expenses of the Master Trustee) connected therewith.

Every new Obligation issued pursuant to this Section in lieu of any destroyed, lost or stolen Obligation shall constitute an original additional contractual obligation of the maker thereof, whether or not the destroyed, lost or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Master Indenture equally and proportionately with any and all other Obligations duly issued hereunder.

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 Obligations.

**Section 2.09. Cancellation.** All Obligations surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Master Trustee, be delivered to the Master Trustee and, if not already canceled or required to be otherwise delivered by the terms of the Supplement authorizing the series of Obligations of which such Obligation is a part, shall be promptly canceled by it. The Obligated Group Representative may at any time deliver to the Master Trustee for cancellation any Obligations previously authenticated and delivered hereunder, which the Obligated Group Representative may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly canceled by the Master Trustee. No Obligations shall be authenticated in lieu of or in exchange for any Obligations canceled as provided in this Section, except as expressly permitted by this Master Indenture. All canceled Obligations held by the Master Trustee shall be treated by the Master Trustee in accordance with its current document retention policies.

[End of Article II]

### ARTICLE III FUNDS AND ACCOUNTS

#### Section 3.01. Revenue Fund.

(a) If an Event of Default under Section 7.01(a) of this Master Indenture shall occur and continue for a period of five days, the Master Trustee shall open a fund called “Revenue Fund – Sinai Residences of Boca Raton Project” and each Obligated Group Member shall deposit with the Master Trustee all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrances) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 7.01(a) of this Master Indenture or in the payment of any other Obligations then exists.

(b) On the fifth (5<sup>th</sup>) Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund, the Master Trustee shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST: To the payment of all amounts due the Master Trustee under this Master Indenture;

SECOND: To an operating account designated by the Obligated Group Representative (which shall not be subject to the lien of this Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month in which such transfer is made, all as set forth in the then-current Annual Budget;

THIRD: To the payment of the amounts then due and unpaid upon the Obligations other than Subordinated Obligations for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Obligations for principal (and premium, if any) and interest, respectively;

FOURTH: To restore any deficiency in a Debt Service Reserve Fund established under a Related Bond Indenture and on a pro rata basis, if funds are insufficient to fully restore any deficiencies under multiple Related Bond Indentures;

FIFTH: If the amounts then due and unpaid upon all Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal (and premium, if any) and interest, without preference or priority of any kind except as provided in the Supplement pursuant to which such Subordinated Obligations were issued; and

SIXTH: any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

(c) The moneys held in the Surplus Account (i) may be used to pay any of items FIRST through FIFTH above and (ii) may be released to the Obligated Group so long as (A)

there are no deficiencies in the Debt Service Reserve Fund and all required deposits have been made into the Minimum Liquid Reserve Accounts, (B) the Obligated Group met the covenants in Sections 4.11, 4.21, 4.22, 4.23, and 4.24 herein for the most recent Fiscal Year and is in compliance with all State regulations regarding the Obligated Group's liquidity position, and (C) no Event of Default has then occurred and is continuing.

(d) The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and in Section 7.09 hereof. Pending disbursements of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts in accordance with Section 3.04 hereof. All such investments shall have a maturity not greater than 91 days from date of purchase.

(e) Except as described in Section 3.01(a) herein, each Obligated Group Member shall be entitled to full possession and use of its Gross Revenues other than Entrance Fees required to be transferred to the Master Trustee for deposit in the Entrance Fee Fund pursuant to Section 2.01 of the Initial Supplemental Indenture.

(f) If the Revenue Fund is in effect and there are not sufficient funds to pay items First through Fourth, or if the Revenue Fund is not in effect and the Obligated Group does not have sufficient Revenues in its operating account to pay items First through Fourth, money will be withdrawn from the following funds in the following order of priority. Prior to the admission of residents to the Project, moneys shall be withdrawn first from the Liquidity Support Fund (if moneys are available for such purpose for application in accordance with the terms thereof), then from amounts available, if any, under the Series 2014D Liquidity Support Agreement (if moneys are available for such purpose in accordance with the terms thereof), and then from the Debt Service Reserve Fund. Following the admission of residents to the Project, moneys shall be withdrawn first from the Working Capital Fund, second from the Repair and Replacement Fund, third from the Liquidity Support Fund (if moneys are available for such purpose for application in accordance with the terms thereof), fourth from amounts available, if any, under either the Liquidity Support Agreement or the Series 2014D Liquidity Support Agreement, as applicable (if moneys are available for such purpose in accordance with the terms thereof), and fifth from the Debt Service Reserve Fund.

### **Section 3.02. Repair and Replacement Fund.**

There is hereby established with the Master Trustee a trust fund to be designated the "Repair and Replacement Fund – Sinai Residences of Boca Raton Project," which shall be used solely for the purposes set forth in this Section. The Master Trustee shall deposit in the Repair and Replacement Fund the amounts paid by any Obligated Group Member pursuant to any Related Loan Agreement or any Needs Assessment Analysis prepared pursuant to Section 4.30 hereof.

Moneys in the Repair and Replacement Fund may be used to pay (i) the maintenance and repair costs related to the Project for which the Corporation is obligated pursuant to Section 4.06 hereof which are not included in the Annual Budget, (ii) Expenses, and (iii) the principal of, premium, if any, and interest on any Obligations (other than Subordinated Indebtedness). Moneys in the Repair and Replacement Fund shall be used to pay maintenance and repair costs

related to the Project and Expenses. Moneys in the Repair and Replacement Fund shall be used to pay debt service on any Indebtedness of any Obligated Group Member on a pro rata basis prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

Moneys in the Repair and Replacement Fund for the purpose described in (i) and (ii) of the preceding paragraph will be disbursed upon receipt of a requisition for payment substantially in the form attached hereto as Exhibit B by the Obligated Group Representative, and the Master Trustee is hereby authorized and directed to issue its checks or disburse funds by wire transfer for each disbursement upon receipt of such a requisition. The Master Trustee is hereby authorized and directed to withdraw funds from the Repair and Replacement Fund for the purpose described in (iii) of the preceding paragraph automatically without any requisition from the Obligated Group Representative and apply them to the payment of debt service on Indebtedness (or, in the case of Related Bonds, transfer them to the Related Bond Trustee for payment of debt service on the Related Bonds).

**Section 3.03. Insurance and Condemnation Fund.** There is hereby established with the Master Trustee a trust fund to be designated the "Insurance and Condemnation Fund – Sinai Residences of Boca Raton Project," which shall be used solely for the purposes set forth in this Section. The Master Trustee shall deposit in the Insurance and Condemnation Fund the Net Proceeds of insurance or condemnation proceeds to be used as provided in Section 4.12 or 4.13 hereof, as applicable.

**Section 3.04. Investment of Funds.** Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Master Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to rely). If the Master Trustee does not receive written investment instructions from the Obligated Group Representative, the Master Trustee shall invest such monies in the investments described in clause (i) in the definition of Permitted Investments. Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee at such times as it is anticipated that moneys from the particular fund will be required for the purposes of this Master Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective Affiliates.

The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Master Indenture. The Master Trustee shall make copies of such records available to the Obligated Group Representative, upon its reasonable written request.

**Section 3.05. Allocation and Transfers of Investment Income.** Any investments in any fund or account shall be held by or under the control of the Master Trustee and shall be deemed at all times a part of the fund or account from which the investment was made. Any loss resulting from such investments shall be charged to such fund or account.



**Section 3.06. Master Trustee Relieved From Responsibility.** The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, and shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request, and shall not be required to ascertain any facts with respect to such Request.

**Section 3.07. Affiliate Payments/Affiliate Subordinated Indebtedness.**

(a) A Member of the Obligated Group will not make Affiliate Payments or payments on Affiliate Subordinated Indebtedness, unless the following conditions are satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds have been paid in full; (ii) the average Debt Service Coverage Ratio is not less than 1.35 for the preceding twelve months, and the Debt Service Coverage Ratio will not be less than 1.20 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (iv) after the proposed payment the Days' Cash on Hand will not be less than 200 based on the written statement of the Accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 90%; (vi) the Independent Living Units, the Assisted Living Units, the Memory-Support Units and the Nursing Beds that are part of the Project collectively have had an average occupancy for the preceding six months of not less than 85%; (vii) the Obligated Group is then in compliance with Chapter 651, Florida Statutes, as amended; and (viii) no Event of Default has occurred and is continuing under this Master Indenture.

(b) All Affiliate Payments shall be subordinated to all payments due on any Obligations Outstanding.

[End of Article III]

**ARTICLE IV  
COVENANTS OF THE OBLIGATED GROUP MEMBERS**

**Section 4.01. Title to Trust Estate and Lien of this Instrument and Mortgage.** Each Obligated Group Member has good and indefeasible title to its portion of the Trust Estate free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except Permitted Encumbrances. Each Obligated Group Member represents that it has the right to mortgage or grant a security interest in its portion of the Trust Estate and will warrant and defend to Master Trustee, the title and the lien of this Master Indenture and the Mortgage as a valid and enforceable mortgage thereon or security interest therein, subject to Permitted Encumbrances. This Master Indenture and the Mortgage constitute valid and subsisting liens on the Trust Estate, all in accordance with the terms hereof, subject to Permitted Encumbrances

**Section 4.02. Further Assurances.** Each Obligated Group Member, upon the request of the Master Trustee, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Master Indenture and the Mortgage to subject the Trust Estate to the liens and security interests of the Master Indenture and the Mortgage.

**Section 4.03. Recording and Filing.** In addition to the rights granted under Section 11.06 hereof, each Obligated Group Member hereby authorizes the Master Trustee at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law to perfect the security interest in the Trust Estate granted to the Master Trustee. For purposes of such filings, each Obligated Group Member agrees to furnish any information requested by the Master Trustee promptly upon request by the Master Trustee. The Obligated Group also ratifies its authorization for the Master Trustee to have filed any initial financing statements, amendments thereto and continuation statements, if filed prior to the date of this Master Indenture. Each Obligated Group Member hereby irrevocably constitutes and appoints the Master Trustee and any officer or agent of the Master Trustee, with full power of substitution, as its true and lawful attorneys in fact with full irrevocable power and authority in the place and stead of such Obligated Group Member or in the Obligated Group Member's own name to execute in the Obligated Group Member's name any documents and otherwise to carry out the purposes of this Section 4.03, to the extent that the Obligated Group Member's authorization above is not sufficient. To the extent permitted by law, each Obligated Group Member hereby ratifies all acts said attorneys in fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable. Information concerning the security interest herein granted may be obtained at the addresses of the Obligated Group Representative and the Master Trustee as set forth in Section 1.05 of this Master Indenture.

**Section 4.04. Payment of Principal, Premium and Interest.** The Obligated Group Representative will duly and punctually pay the principal of (and premium, if any) and interest on the Obligations in accordance with the terms of the Obligations and this Master Indenture.

Each Obligated Group Member hereby jointly and severally unconditionally guarantees the full and timely payment of the principal of, and premium, if any, and interest on all Outstanding Obligations which such Person has not created or otherwise made (and on which such Person is not otherwise primarily liable) in accordance with the terms thereof, whether at

Stated Maturity, declaration of acceleration, call for redemption or otherwise. Such guaranty shall not be affected, modified or impaired upon the happening from time to time of any event, other than the payment of such Obligations (or provision therefor), including, without limitation, any of the following, whether or not with notice to, or the consent of, the guarantor:

- (a) the waiver, compromise, settlement, release or termination by any Person of the obligations evidenced by such Obligations or any covenant or security in support thereof;
- (b) the failure to give notice to the guarantor of the occurrence of an event of default under the terms and provisions of this Master Indenture or any agreement under which such Obligations are created, assumed, guaranteed or secured;
- (c) any failure, omission, or delay on the part of the Master Trustee or the Holder of such Obligations to enforce, assert or exercise any right, power or remedy conferred on the Master Trustee or such Holder in this Master Indenture or any other agreement under which such Obligations are created, assumed, guaranteed or secured;
- (d) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement under bankruptcy or similar laws, composition with creditors or readjustment of, or other similar proceedings affecting any such guarantor or any other obligor on Obligations;
- (e) the invalidity, irregularity, illegality, unenforceability, or lack of value of, or any defect in any of the Obligations so guaranteed or any collateral security therefor; or
- (f) to the extent permitted by law, any event or action that would, in the absence of this Section, result in the release or discharge by operation of laws of such guarantor from the performance or observance of any obligation, covenant, or agreement contained in this Master Indenture.

**Section 4.05. Payment of Taxes and Other Claims.** Each Obligated Group Member will pay or discharge or cause to be paid or discharged before the same shall become delinquent, (1) all taxes, assessments, and other governmental charges lawfully levied or assessed or imposed upon it or upon its income, profits, or property, and (2) all lawful claims for labor, materials, and supplies which, if unpaid, might by law become a lien upon its Property; provided, however, that no such Person shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge, or claim to the extent that the amount, applicability, or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

**Section 4.06. Maintenance of Properties.** Each Obligated Group Member will cause all its Properties used or useful in the conduct of its business to be maintained and kept in good condition, repair, and working order and supplied with all necessary equipment, ordinary wear and tear, casualty, condemnation, and acts of God excepted. Each Obligated Group Member will cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of the Obligated Group Representative may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted

at all times; provided, however, that nothing in this Section shall prevent any such Person from discontinuing the operation and maintenance of any of its Properties if such discontinuance is, in the judgment of such Person (and in the opinion of the Governing Body of such Person if the Property involved is any substantial part of the Properties of such Person taken in the aggregate), desirable in the conduct of its business and not disadvantageous in any material respect to the Holders of the Obligations.

#### **Section 4.07. Corporate Existence; Status of Obligated Group.**

(a) Subject to Section 5.01, each Obligated Group Member will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; provided, however, that no Person shall be required to preserve any right or franchise if the Governing Body of such Person shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Obligations.

(b) The Corporation's exact legal name is correctly set forth at the beginning of this Master Indenture, and the Corporation is an organization of the type specified in the first paragraph of this Master Indenture. The Corporation is formed or incorporated in or organized under the laws of the State of Florida and is duly authorized to conduct business in the State. The Corporation will not cause or permit any change to be made in its name or identity unless the Corporation shall have first notified the Master Trustee in writing of such change at least 30 days prior to the effective date of such change, and shall have first taken all action required by the Master Trustee for the purpose of perfecting or protecting the lien and security interest of the Master Trustee. The place where the Corporation keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding two months and will continue to be the address of the Corporation set forth in Section 1.05 hereof (unless the Corporation notifies the Master Trustee in writing at least 30 days prior to the date of such change).

(c) Each Obligated Group Member covenants and agrees to take all action necessary to preserve its status as a Tax-Exempt Organization.

**Section 4.08. Preservation of Qualifications.** Each Obligated Group Member will not allow any permit, right, license, franchise or privilege so long as it is necessary for the ownership or operation of the Trust Estate as a continuing care retirement community to lapse or be forfeited. If an Obligated Group Member becomes a provider of services under and a participant in the Medicare or Medicaid program or any successor program thereto or any program by a federal, state or local government providing for payment or reimbursement for services rendered for health care, such Obligated Group Member shall use its commercially reasonable efforts to remain fully qualified as a provider of services and a participant in such program; provided, however, that no Obligated Group Member shall be required to maintain any such qualification if (i) the Governing Board of such Person shall determine that the maintenance of such qualification is not in the best economic interest of such Person and (ii) at least 30 days prior to the discontinuance of such qualification, such Person shall notify the Initial Underwriter of such proposed discontinuance and shall provide the Initial Underwriter with a written explanation of the basis for such determination.

**Section 4.09. Additions to Facilities.** Any additions, improvements and extensions to the Facilities of any Member and repairs, renewals and replacements thereof, including (without limitation) any capital improvements, shall upon their acquisition become part of such Facilities.

**Section 4.10. Insurance.** Each Member shall maintain, or cause to be maintained at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated in the State and as is adequate to protect its Property and operations. The Master Trustee shall be listed as a loss payee or additional insured under each insurance policy of each Member while any Obligations remain Outstanding. The Members of the Obligated Group shall deliver a certificate of an Insurance Consultant or Insurance Consultants to the Master Trustee on the Closing Date which indicates that the insurance then being maintained by the Members meets the standards described above.

The Obligated Group Representative shall annually review the insurance each Member maintains as to whether such insurance is customary and adequate. In addition, the Obligated Group Representative shall, at least once every two Fiscal Years with respect to commercial insurance and at least once every Fiscal Year with respect to self-insurance (commencing with its Fiscal Year ending two Fiscal Years following the completion of the Project), cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee within 120 days of the applicable Fiscal Year which indicates that the insurance then being maintained by the Members meets the standards described above. The Obligated Group Representative shall cause copies of its review, or the certificates of the Insurance Consultant or Insurance Consultants, as the case may be, to be delivered promptly to the Master Trustee. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine(s) that such self-insurance meets the standards set forth in the first sentence of this paragraph and is prudent under the circumstances; provided, however, that no Member of the Obligated Group shall self-insure any of its Property, Plant and Equipment.

Naming of the Master Trustee as a loss payee or additional insured under any insurance policy, or the furnishing to the Master Trustee of information relating thereto, shall not impose upon the Master Trustee any responsibility or duty to approve the form of such policy, the qualifications of the company issuing same or any other matters relating thereto.

**Section 4.11. Debt Service Coverage Ratio Covenant.**

(a) Each Member covenants and agrees to operate all of its Facilities on a revenue producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

The Members covenant and agree that the Obligated Group Representative will calculate the Debt Service Coverage Ratio of the Obligated Group (i) for each fiscal quarter, commencing with the earlier of (1) the first fiscal quarter following Stable Occupancy, or (2) the fiscal quarter ending August 31, 2020, based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, based on audited financial statements, commencing with the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under Section 4.15.

(b) If the Debt Service Coverage Ratio of the Obligated Group for any calculation date is less than 1.20, the Obligated Group Representative, at the Obligated Group's expense, shall retain a Consultant within 30 days following the calculation described herein to make recommendations with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least 1.20 for the following Fiscal Year. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Notwithstanding anything herein to the contrary, for first Fiscal Year in which the Debt Service Coverage Ratio is to be calculated pursuant to (a) above, the Debt Service Coverage Ratio for such fiscal year shall be not less than 1.10.

(c) Within 60 days of retaining any such Consultant, the Obligated Group Representative shall cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. This Section shall not be construed to prohibit any Member from serving indigent patients to the extent required for such Member to continue its qualification as a Tax Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section.

(d) If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20 (or 1.10 for the Fiscal Year described in the last sentence of Section 4.11(b) above) for a Fiscal Year but did achieve a Debt Service Coverage Ratio of at least 1.00 in the immediately preceding Fiscal Year or such calculation was not required, such failure shall not constitute an event of default under the Master Indenture if (i) the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and (ii) follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. Failure by the Obligated Group to comply with (i) or (ii) of the preceding sentence may become an Event of Default, with the giving of notice pursuant to Section 7.01(b).

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 at the end of any Fiscal Year, such failure shall constitute an Event of Default under this Master Indenture.

**Section 4.12. Damage or Destruction.** Each Member agrees to notify the Master Trustee immediately in the case of the destruction of its Facilities or any portion thereof as a result of fire or other casualty, or any damage to such Facilities or portion thereof as a result of fire or other casualty, the Net Proceeds of which are estimated to exceed the Threshold Amount. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months after receipt thereof to (i) repair, replace or restore the damaged or destroyed Facilities, (ii) acquire or construct additional capital assets for any one or more Members, or (iii) repay the principal portion of any Indebtedness incurred by any one or more Members of the Obligated Group to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member suffering such casualty or loss shall deposit or cause to be deposited such Net Proceeds, when and as received, with the Master Trustee and within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Master Trustee one of the following three options:

(a) **Option A Repair and Restoration.** Such Member may elect to replace, repair, reconstruct, restore or improve any of the Facilities of the Obligated Group or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve Facilities of the Obligated Group or to acquire additional Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Master Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration, or improvement or to the repayment of such Indebtedness. So long as an Event of Default has not occurred and is not continuing hereunder, any Net Proceeds of insurance relating to such damage or destruction received by the Master Trustee shall be released from time to time by the Master Trustee to such Member substantially in accordance with the procedures set forth in Section 4.14 of the Series 2014A/B/C Loan Agreement, Section 4.14 of the Series 2014D Loan Agreement and upon the receipt by the Master Trustee of:

- (i) financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance, to pay all Debt Service Requirements, and pay necessary Operating Expenses until completion of the replacement, repair, reconstruction, restoration, or improvement;
- (ii) the Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration, or improvement and stating that, based on signed construction contracts, such Net Proceeds, together with any other moneys

legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, or improvement; and

(iii) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Request by an independent architect.

It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) **Option B Prepayment of Obligations.** Such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Obligations other than Subordinated Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations other than Subordinated Obligations on a pro rata basis among all such Obligations Outstanding. Upon the payment in full of all Obligations other than Subordinated Obligations, the Master Trustee may apply such Net Proceeds to the prepayment of Subordinated Obligations.

(c) **Option C Partial Restoration and Partial Prepayment of Obligations.** Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay Obligations other than Subordinated Obligations on a pro rata basis among all such Obligations Outstanding, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.12 and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) of this Section 4.12.

Notwithstanding the foregoing, the proceeds of business interruption insurance shall be paid directly to the applicable Obligated Group Member and are not subject to the provisions of this Section.

**Section 4.13. Condemnation.** The Master Trustee shall cooperate fully with the Members in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. Each Member hereby irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an "award"), which exceeds the Threshold Amount.

If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid to the Member in question. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months of the receipt thereof to (i) restore, replace or repair the condemned Facilities, (ii) acquire or construct additional capital assets, or (iii) repay the principal portion of Indebtedness incurred by one or more Members of the Obligated Group to acquire or construct capital assets or to refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member in question shall deposit or cause to be deposited such Net Proceeds, when and as received, with the Master Trustee and within 12 months after the date on which the Net Proceeds are finally determined elect by written notice of such election to the Master Trustee one of the following three options:

(a) **Option A Repairs and Improvements.** The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as an Event of Default has not occurred and is continuing hereunder, such Member shall have the right to receive such Net Proceeds from the Master Trustee from time to time substantially in accordance with the procedures set forth in Section 4.14 of the Series 2014A/B/C Loan Agreement, Section 4.14 of the Series 2014D Loan Agreement and upon the receipt by the Master Trustee of:

(i) financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance, to pay all Debt Service Requirements, and pay necessary Operating Expenses until completion of the replacement, repair, reconstruction, restoration, or improvement;

(ii) the Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such restoration, replacement, repairs, improvements and acquisitions and stating that, based on signed construction contracts, such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(iii) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Request by an independent architect.

(b) **Option B Prepayment of Obligations.** Such Member may elect to have such Net Proceeds of the award applied to the prepayment of the Obligations other than Subordinated Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations other than Subordinated Obligations on a pro rata basis among all such Obligations Outstanding. Upon the payment in full of all

Obligations other than Subordinated Obligations, the Master Trustee may apply such Net Proceeds to the prepayment of Subordinated Obligations.

(c) **Option C Partial Restoration and Partial Prepayment of Obligations.**

Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of Obligations other than Subordinated Obligations on a pro rata basis among all such Obligations Outstanding, in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.13 and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) of this Section 4.13.

**Section 4.14. Other Provisions with Respect to Net Proceeds.** Net Proceeds deposited with the Master Trustee shall be credited to the Insurance and Condemnation Fund and be invested or reinvested by the Master Trustee as directed in writing by the Obligated Group Representative in Permitted Investments subject to any Member's right to receive the same pursuant to Sections 4.12 and 4.13 hereof. If any Member elects to proceed under either Section 4.12(a) or (c) or 4.13(a) or (c), any amounts in respect of such Net Proceeds not so paid to such Member shall be used to prepay Obligations as set forth in either Section 4.12(b) or 4.13(b).

**Section 4.15. Financial Statements, Etc.**

The Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with GAAP consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that GAAP would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with GAAP which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of this Section 4.15 so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Master Trustee with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the Accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection or pursuant to this Master Indenture. At least thirty (30) days prior to the first day of each Fiscal Year, the Obligated Group will prepare the Annual Budget for the following Fiscal Year, and amendments thereof within 30 days after board approval, copies of which shall be furnished to each Required Information Recipient following completion of the Project. If the Obligated Group fails to prepare the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year will continue in effect until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. The Obligated

Group agrees that while the Liquidity Support Agreement remains in effect, it will provide the Federation with the proposed Annual Budget prior to its adoption.

(a) The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient, the following:

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing Independent Living Units, (I) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) a copy of the report prepared by the Construction Monitor; (III) a report by the Obligated Group Representative on the progress of the construction by no later than the 15th day of each month, showing the dollar amount and percentage of completion for each stage of construction of the Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Project, and certifying that the amount available in the Construction Fund, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Project; (IV) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis; (V) statements of the balances for each fund and account required to be established hereunder or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VI) if such month is the last month of the fiscal quarter, a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Cumulative Cash Operating Loss, Days' Cash on Hand, and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(B) After the issuance of a certificate of occupancy for the first building containing Independent Living Units, (I) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) occupancy levels of the Project as of the end of such month including the number of Independent Living Units, Assisted Living Units and Nursing Beds that were occupied and vacated during that month and on an aggregate basis and a payor mix for the Nursing Beds; (III) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (IV) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (V) an unaudited statement of revenues

and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (VI) statements of the balances for each fund and account required to be established hereunder or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VII) a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Cumulative Cash Operating Loss, Days' Cash on Hand, and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(C) The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i) after Stable Occupancy;

(ii) Beginning with the first full fiscal quarter following Stable Occupancy, quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, a payor mix for the Nursing Beds, occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units, Assisted Living Units and Nursing Beds and a calculation of compliance with the Marketing Requirements, Occupancy Requirements, Days' Cash on Hand, and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated by Sections 4.11, 4.21, 4.22 and 4.23 hereof, all prepared in reasonable detail and certified, subject to year end adjustment, by an officer of the Obligated Group Representative. Such financial statements and calculations shall be accompanied by a comparison to the Annual Budget provided pursuant to this Section;

(iii) If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 (or 1.10 for the first Fiscal Year in which the Debt Service Coverage Ratio is to be calculated) and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in this Master Indenture, the Obligated Group will deliver the financial information and the calculations described in paragraph (ii) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 (or 1.10 for the first Fiscal Year in which the Debt Service Coverage Ratio is to be calculated) and the Days' Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement;

(iv) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such

Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for said Fiscal Year and the Days' Cash on Hand of the Obligated Group at the end of such Fiscal Year if required to be calculated by Sections 4.11 and 4.21 hereof, and a statement that such Accountant has no knowledge of any default under Sections 4.11 and 4.21 of this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof; provided, however, that the report of the Accountant shall be subject to and restricted by any then current recommendations and/or pronouncements of the American Institute of Certified Public Accountants. In addition, the Obligated Group shall cause the Federation to deliver its annual audited financial report prepared by an Accountant including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year;

(v) On or before the date of delivery of the financial reports referred to in subsection (iii) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of this Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the marketing, occupancy, Cumulative Cash Operating Loss, Days' Cash on Hand, and Debt Service Coverage Ratio, if required to be calculated for such Fiscal Year by Sections 4.11, 4.21, 4.22, 4.23 and 4.24 hereof, as of the end of such month or Fiscal Year, as appropriate, and (C) beginning with the first Fiscal Year following Stable Occupancy, attaching (I) information about occupancy of the Independent Living Units, including a comparison to prior year's occupancy, (II) the sources of revenue for the Nursing Beds, (III) the turnover statistics with respect to the Independent Living Units, (IV) changes in any services offered to the residents of the Project, and (V) that the Project is in compliance with the requirements of Chapter 651, Florida Statutes, as amended;

(vi) On or before the date of delivery of the financial reports referred to in subsections (ii) and (iii) above, a management's discussion and analysis of results for the applicable fiscal period;

(vii) Subject to industry standards relating to the financing of facilities similar to the Project, the Obligated Group shall use its best efforts to make available one or more representatives reasonably acceptable to the Bondholders and the Master Trustee for a quarterly telephone conference call (or more frequently if requested by a majority of Bondholders) with the Bondholders and the Master Trustee to discuss the financial results of the preceding quarter and such other matters as are relevant or are reasonably requested by the Bondholders and the Master Trustee. The Obligated Group shall post notice of such calls to Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB") at least two weeks prior to the scheduled date of each call, but shall provide such notice to the Bondholder Representative for the Series 2014D Bonds and the Master Trustee;

(viii) Any correspondence to or from the Internal Revenue Service concerning the status of any Obligated Group Member as a Tax Exempt Organization or with respect to the tax exempt status of any Series 2014 Bonds, promptly upon receipt;

(ix) Such additional information as the Master Trustee, the Bondholder Representative for the Series 2014D Bonds or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee, the Bondholder Representative for the Series 2014D Bonds or such Related Bond Trustee to determine whether the covenants, terms and provisions of this Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee, the Bondholder Representative for the Series 2014D Bonds or such Related Bond Trustee;

(x) Upon withdrawal of any funds from the Liquidity Support Fund, the Corporation shall notify the Master Trustee and each Required Information Recipient;

(xi) Within 30 days of any revision of the schedule of Entrance Fees or Monthly Service Fees being charged or quoted to residents or prospective residents of the Project, a report on the amounts of such revised Entrance Fees or Monthly Service Fees for each type of unit setting forth the reasons for such revision and, if applicable, the reason why any increases in such fees forecasted in the Feasibility Study have not been made; and

(xii) Notice within ten (10) Business Days of the occurrence of any of the material events required to be reported to the MSRB pursuant to any continuing disclosure undertaking or agreement.

(xiii) Beginning with the first full fiscal quarter following receipt of a certificate of occupancy for the initial Independent Living Units and every fiscal quarter thereafter, the calculations of Days' Cash on Hand and the Debt Service Coverage Ratio. Such information provided in this Section (xiii) is for informational purposes only and is not for covenant compliance until such covenants are required to be tested pursuant to the terms hereof.

(b) The Members also agree that, within 10 days after its receipt thereof, the Obligated Group Representative will file with the Master Trustee and each Required Information Recipient a copy of each Consultant's report or counsel's opinion required to be prepared under the terms of this Master Indenture.

(c) The Obligated Group Representative shall give prompt written notice of a change of Accountants by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the former

Accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

(d) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and Accountants, all at such reasonable times and locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(e) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the "Interim Period") of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by an Accountant selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a combined balance sheet as of the end of such Interim Period and a combined statement of changes in fund balances and changes in financial position for such Interim Period and a combined statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing a calculation of the Obligated Group's Debt Service Coverage Ratio for the Interim Period and a statement that such Accountant has obtained no knowledge of any default by any Member in the fulfillment of any of the terms, covenants, provisions or conditions of this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default).

(f) Delivery of such reports, information and documents described in this Section 4.15 to the Master Trustee is for informational purposes only, and the Master Trustee's receipt thereof shall not constitute notice to it of any information contained therein or determinable from information contained therein, including compliance by the Obligated Group or the Members with any of its or their covenants hereunder, as to which the Master Trustee is entitled to rely exclusively on Officer's Certificates.

**Section 4.16. Permitted Additional Indebtedness.** So long as any Obligations are outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Obligations) other than as permitted in this Master Indenture.

(a) **Long-Term Indebtedness.** If no Event of Default shall have occurred and then be continuing, an Obligated Group Member may incur or assume additional Long-Term Indebtedness for such lawful purposes of such Obligated Group Member as shall be specified in reasonable detail in a certified resolution of such Obligated Group Member; provided that, on or

before the date on which any Long-Term Indebtedness, whether secured or unsecured, is to be incurred or assumed, the Obligated Group Representative shall deliver to the Master Trustee:

(i) **Historical Pro Forma Test.** Except as provided in paragraphs (ii) through (viii) below, an Officer's Certificate stating that the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year (taking into account the Long-Term Indebtedness to be incurred) was not less than 1.25 and that the Obligated Group was in compliance with the Liquidity Requirement.

(ii) **Historical Test and Forecast.** In lieu of the requirements of paragraph (i) above,

(A) An Officer's Certificate stating that the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year (without taking into account the Long-Term Indebtedness to be incurred) was not less than 1.25 and that the Obligated Group was in compliance with the Liquidity Requirement, and

(B) A Feasibility Report stating that (a) the Debt Service Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred) is expected to be not less than 1.30 for (i) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (ii) if the Long-Term Debt will finance a Capital Addition that includes additional Independent Living Units or health care beds, the earlier of (1) the first complete Fiscal Year for which the additional units achieve average occupancy of 85% or (2) the first complete Fiscal Year that begins at least 18 months after the date such additional units are expected to be placed in service, and (b) the Obligated Group is forecasted to be in compliance with the Liquidity Requirement.

(iii) **Pro Forma Test.** In lieu of the requirements of paragraphs (i) and (ii) above, a Feasibility Report stating that the Debt Service Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred) is expected to be not less than 1.35 for (i) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (ii) if the Long-Term Debt will finance a Capital Addition that includes additional Independent Living Units or health care beds, the earlier of (1) the first complete Fiscal Year for which the additional units achieve average occupancy of 85% or (2) the first complete Fiscal Year that begins at least 18 months after the date such additional units are expected to be placed in service, and the Obligated Group is forecasted to be in compliance with the Liquidity Requirement.

(iv) **Limit Based on Revenues.** Commencing one year after the certificate of occupancy has been issued with respect to the Project, in lieu of the requirements of paragraphs (i) through (iii) above, an Officer's Certificate showing that the proposed Long-Term Indebtedness, together with all Long-Term Indebtedness incurred pursuant to this paragraph (iv) which is then outstanding and which is not covered by an Officer's Certificate or Feasibility Report delivered pursuant to paragraphs (i) through (iii) above,



does not exceed 5% of Revenues of the Obligated Group for the immediately preceding Fiscal Year.

(v) **Completion Indebtedness.** In the case of Long-Term Indebtedness incurred or assumed to finance the completion of the Project or a Capital Addition, in lieu of the requirements of paragraphs (i) through (iv) above, so long as the scope of the Project or such Capital Addition is not being changed, either (A) an Officer's Certificate showing that the principal amount of the proposed Long-Term Indebtedness does not exceed 10% of the principal amount of the Long-Term Indebtedness originally incurred to finance the Project or such Capital Addition or (B) a Feasibility Report stating that the forecasted Debt Service Coverage Ratio of the Obligated Group for each of the two Fiscal Years immediately following the completion of the Project or such Capital Addition will be not less than what such Debt Service Coverage Ratio would have been without the incurrence of such Indebtedness. In addition, the Obligated Group must provide an Architect's certificate that the Long-Term Indebtedness incurred or assumed to finance the completion of the Project or a Capital Addition will be sufficient to complete the Project.

(vi) **Refunding Indebtedness.** In lieu of the requirements of paragraphs (i) through (v) above, in the case of Long-Term Indebtedness incurred to refinance outstanding Long-Term Indebtedness, an Officer's Certificate showing that the Maximum Debt Service Requirement on the proposed Long-Term Indebtedness does not exceed 110% of the Maximum Debt Service Requirement on the Long-Term Indebtedness to be refinanced.

(vii) **Future Phase Indebtedness.** In lieu of the requirements of paragraphs (i) through (vi) above, in the case of additional Long-Term Indebtedness for the construction of new Independent Living Units (a "Future Phase") if (A) at least 70% of the Independent Living Units to be constructed as the Future Phase have been reserved with executed Residency Agreements and deposits at least equal to 10% of the Entrance Fee shall have been received for such units; (B) there is a guaranteed maximum price or stipulated construction contract for the Future Phase; (C) the Obligated Group is in compliance with all then applicable covenants contained herein and with the requirements of Chapter 651, Florida Statutes, as amended, (D) all required deposits have been made in the Entrance Fee Fund; (E) the Project has achieved Stable Occupancy; and (F) a Feasibility Report shows that the Debt Service Coverage Ratio of the Obligated Group for the two Fiscal Years following the completion of the Future Phase will be at least 1.25 and the Days' Cash on Hand at the end of the first Fiscal Year in which the average occupancy of such Independent Living Units is forecasted to reach 85% will be at least 200.

(viii) **Subordinated Indebtedness.** In lieu of the requirements of paragraphs (i) through (vii) above, Subordinated Indebtedness may be incurred without limit, so long as all Subordinate Indebtedness is evidenced by a Subordination Obligation issued pursuant to a Supplement to this Master Indenture, including the Initial Supplemental Indenture or is unsecured, payments are permitted no more often than quarterly and:

(A) No payment may be made in any quarter on any Subordinate Indebtedness unless: (i) all Short-Term Indebtedness has been paid in full; (ii) the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding four consecutive fiscal quarters was not less than 1.35; (iii) there is no deficiency in any Debt Service Reserve Fund; (iv) the Days' Cash on Hand, after giving effect to such payment, will be not less than 300; (v) the average occupancy of the Independent Living Units has been at least 90% for the preceding 12 months; (vi) all required deposits have been made to the Minimum Liquid Reserve Accounts; and (vii) no Event of Default has occurred and is continuing; and

(B) Payments not permitted to be paid on Subordinate Indebtedness pursuant to the preceding paragraphs will be deferred without additional interest, until all of the conditions described above have been met for payment on such Subordinate Indebtedness.

(C) The relative priority of payment of Subordinated Obligations shall be provided for in the Supplement pursuant to which such Subordinated Obligations are issued.

(b) **Short-Term Indebtedness.** The Obligated Group may, from time to time, incur, assume or allow to remain Outstanding at any time Short-Term Indebtedness in any amount up to ten percent (10%) of Revenues of the Obligated Group for the preceding Fiscal Year. Any such Short-Term Indebtedness must, for a period of at least 30 consecutive days during each Fiscal Year, be less than 3% of Revenues for the preceding Fiscal Year. Short-Term Indebtedness in excess of such 3% limit shall be permitted to remain Outstanding only if permitted to exist under this Master Indenture as Long-Term Indebtedness.

Each Member covenants that prior to, or as soon as reasonably practicable after, the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2014 Obligations, it will deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section 4.16 pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than Related Issuers, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an Opinion of Counsel acceptable to the Master Trustee to the effect that, to such counsel's knowledge, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith); provided, however, that this requirement shall not apply to Indebtedness incurred pursuant to paragraph (a)(iv) of this Section 4.16.

The provisions of this Master Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to a Mortgage in substantially the form of the Mortgage and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

**Section 4.17. Securing Permitted Indebtedness.** As long as no Event of Default has occurred and is continuing, any Indebtedness permitted to be incurred or assumed as provided in Section 4.16 may be secured only as hereinafter provided:

(a) **Parity Obligations.** The Obligated Group may secure Long-Term Indebtedness incurred or assumed pursuant to Section 4.16(a), other than pursuant to 4.16(a)(viii), as an Obligation equally and ratably secured with all other Obligations issued under this Master Indenture, provided that (i) in the case of Long-Term Indebtedness incurred under 4.16(a)(v), only if the Indebtedness which originally financed the Project or Capital Addition was an Obligation, and (ii) in the case of Long-Term Indebtedness incurred under 4.16(a)(vi), only if the original Long-Term Indebtedness being refunded was an Obligation.

(b) **Other Secured Long-Term Indebtedness.** Any Long-Term Indebtedness incurred pursuant to Section 4.16 that has not been secured as provided under subsection (a) above may be secured only as follows:

(i) by a lien on and security interest in any Property or interest in Property, real, personal or mixed, of the Obligated Group other than the Mortgaged Property or the Gross Revenues; or

(ii) by a purchase money security interest in fixtures and equipment made part of the Mortgaged Property or by a security interest given to refinance a purchase money security interest.

(c) **Security for Short-Term Indebtedness and Working Capital Debt.** Any Short-Term Indebtedness or any Long-Term Indebtedness which is incurred for the purpose of providing working capital may be secured by a security interest on the Gross Revenues (but not the Mortgaged Property) on a parity with the security interest created by this Master Indenture, and if so secured, the agreement for the repayment of such Short-Term Indebtedness and instruments evidencing or securing the same shall provide that: (i) any event of default thereunder shall be an Event of Default hereunder; and (ii) if any event of default shall have occurred with respect to such Short-Term Indebtedness, the holder thereof shall be entitled only to such rights to exercise, consent to or direct the exercise of remedies as are available to the Master Trustee, and that all such remedies are except as otherwise provided in this Master Indenture, to be exercised solely by the Master Trustee for the equal and ratable benefit of the holders of all Obligations and all Indebtedness so secured. Any agreement for the repayment of such Indebtedness and instruments evidencing or securing the same shall provide for notices to be given to the Master Trustee regarding defaults by the Obligated Group, and shall specify the rights of the Master Trustee to pursue remedies upon the receipt of such notice, and the sharing

of the rights of the Master Trustee to control the exercise of remedies with the holder of such indebtedness.

(d) **Security for Subordinated Indebtedness.** The Obligated Group may secure Subordinated Indebtedness incurred or assumed pursuant to Section 4.16(a)(viii) as a Subordinated Obligation with a lien on the Trust Estate (but not the Mortgaged Property) that is subordinate to the lien on the Trust Estate securing all other Obligations issued under this Master Indenture.

#### **Section 4.18. Calculation of Debt Service and Debt Service Coverage.**

(a) For the purpose of determining the interest rate on Long-Term Indebtedness which bears interest at a variable rate, such interest rate shall be assumed to be: (1) for the purpose of determining whether such Long-Term Indebtedness may be incurred, the rate estimated by a Consultant to be in effect on Indebtedness of comparable terms and creditworthiness at the time of such incurrence; or (2) for the purpose of Long-Term Indebtedness Outstanding, the higher of (a) the average interest rate on such Long-Term Indebtedness for the preceding calendar year or (b) the rate then in effect on such Long-Term Indebtedness.

(b) The Debt Service Requirements on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds shall be deemed to be the interest requirements on such Series 2014B Bonds, Series 2014C Bonds and Series 2014D-2 Bonds and the principal thereon shall be disregarded.

(c) For the purpose of determining the Debt Service Requirements on any Long-Term Indebtedness incurred to finance a Capital Addition, the admission to which is subject to Residency Agreements, there shall be applied as a credit against the principal amount of such Long-Term Indebtedness the amount of Entrance Fees or other moneys which are forecasted to be used (other than from the proceeds of Long-Term Indebtedness) to pay the principal of such Long-Term Indebtedness during the forecast period covered by a Feasibility Report, provided that no such forecast period shall extend more than five full Fiscal Years beyond the date of completion of the Capital Additions being financed with such Long-Term Indebtedness or, in the case of Long-Term Indebtedness issued or incurred for refinancing purposes, five full Fiscal Years beyond the date of issuance thereof.

(d) For the purpose of determining the Debt Service Requirements on that portion of Long-Term Indebtedness which constitutes Balloon Indebtedness, at the option of the Obligated Group Representative (and in lieu of the provisions of the preceding paragraph, if applicable):

(i) If such Balloon Indebtedness is less than 5% of Revenues of the Obligated Group for the Fiscal Year preceding the date it is incurred, the Debt Service Requirements on such Long-Term Indebtedness shall be deemed to be those if such Long-Term Indebtedness were amortized over a term of 15 years, based on level payments of principal and interest, using an interest rate estimated by a Consultant to be in effect on debt of comparable terms and creditworthiness;

(ii) If the Debt Service Coverage Ratio of the Obligated Group for the preceding Fiscal Year was at least 1.35 and Days' Cash on Hand at the end of the last

Fiscal Year, and as of the most recent fiscal quarter, was at least 220, the Debt Service Requirements on such Long-Term Indebtedness shall be deemed to be those which would be payable if such Long-Term Indebtedness were amortized over a term of 20 years, based on level payments of principal and interest, using an interest rate estimated by a Consultant to be in effect on debt of comparable terms and creditworthiness;

(iii) If the Obligated Group received an enforceable commitment for funding new Long-Term Indebtedness to repay such prior Indebtedness, the Debt Service Requirements shall be deemed to be those of the new Long-Term Indebtedness obligation;

(iv) If such Long-Term Indebtedness is secured by a Credit Facility in an amount at least equal to the principal amount of such Long-Term Indebtedness, the Debt Service Requirements shall be deemed to be those which will become due from the Obligated Group assuming such Credit Facility is drawn upon to pay such Long-Term Indebtedness at any maturity of such Balloon Indebtedness; and

(v) If such Long-Term Indebtedness does not meet any of the requirements of subparagraphs (i), (ii), (iii) or (iv) above, or if such Balloon Indebtedness matures within 12 months of the date of calculation, the Debt Service Requirements shall include the full amount of principal stated to be due in any year on such Long-Term Indebtedness.

(e) For the purpose of determining whether any particular Guaranty may be incurred, it shall be assumed that 100% of the Indebtedness guaranteed is Long-Term Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor. For any other purpose, a guarantor shall be considered liable only for 20% of the annual debt service requirement on the Indebtedness guaranteed; provided, however, if the guarantor has been required by reason of its guaranty to make a payment in respect of such Indebtedness within the immediately preceding 24 months, the guarantor shall be considered liable for 100% of the annual debt service requirement on the Indebtedness guaranteed.

(f) Each Member may elect to have Indebtedness issued pursuant to one provision of Section 4.16 reclassified as having been incurred under another provision of Section 4.16, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

(g) Anything herein to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest Rate Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Interest Rate Agreement; provided that the long term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the three highest rating categories of any

Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or is at least as high as that of the Obligated Group. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by a Member on such Interest Rate Agreement shall be excluded from Expenses and any payments received by a Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of this Master Indenture.

**Section 4.19. Permitted Transfers of Property.** Each Member agrees that it will not sell, lease, donate, transfer or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including Cash and Investments) unless the Obligated Group Representative determines that the Property has been sold, leased, donated, transferred or otherwise disposed of in one or more of the following transfers or other dispositions of Property:

(a) Payments for goods and services in arm's length transactions, investments in marketable securities and transfers of Property replaced in the ordinary course of business, provided that in the case of any transfer of Property (other than payment for goods and services or investments) in the ordinary course of business, at least 15 days prior written notice shall be given to the Trustee of any such transfer of Property having a book value in excess of 1% of net book value of all of the net Property, Plant and Equipment of the Obligated Group.

(b) Transfers aggregating in any Fiscal Year not more than 3% of net Property, Plant and Equipment (as shown on last audit) and not more than 7.5% of net Property, Plant and Equipment in any period of three consecutive Fiscal Years.

(c) Transfers of tangible Property at any one time in excess of 3% of net Property, Plant and Equipment provided that (i) the required Cumulative Cash Operating Loss Covenant, Debt Service Coverage Ratio and Days' Cash on Hand Ratio are being met and all required deposits to the Minimum Liquid Reserve Accounts have been made, (ii) an Architect certifies the transfer will not materially adversely affect use or operation of the Facilities of the Obligated Group, and (iii) either:

(i) an Accountant has provided the Obligated Group, in writing, with a calculation showing that if such transfer had been made at the beginning of the last Fiscal Year, the Debt Service Coverage Ratio of the Obligated Group would have been at least 90% of the actual ratio and not less than 1.35; or

(ii) a Consultant forecasts that the Debt Service Coverage Ratio of the Obligated Group for the two Fiscal Years following the transfer will be at least 90% of the actual ratio for the preceding Fiscal Year and not less than 1.35.

The proceeds from the sale of any tangible Property shall, at the option of the Obligated Group Representative, be used to purchase replacement Property, to finance Capital Additions, to prepay Obligations or shall be deposited in the Working Capital Fund.

(d) Cash and Investments may not be transferred to any Person who is not a Member (other than the repayment of Subordinated Obligations for which the tests of Sections 4.16(a)(viii)(A) and (B) and 4.27 shall apply) unless (i) the Minimum Liquid Reserve Accounts

are fully funded, (ii) the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds have been repaid in full, and (iii) an Accountant provides the Obligated Group with pro forma calculations showing that if the transfer had been made at the beginning of the prior Fiscal Year, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 1.35 and the Days' Cash on Hand Ratio at the end of such Fiscal Year would have been at least 300.

(e) Transfers from a Member to another Member.

(f) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of a Member stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property.

(g) To any Person if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Obligations.

For avoidance of doubt, it is understood that this Section 4.19 does not prohibit: (i) any transfer of cash by a Member in payment of any of its Obligations, Indebtedness and liabilities, the incurrence of which Obligation, Indebtedness or liability did not or would not, either immediately or with the giving of notice, the passage of time or both, result in the occurrence of an Event of Default; (ii) the making of loans to residents for their financial assistance; or (iii) the expenditure by the Obligated Group of the proceeds of gifts, grants, bequests, donations or contributions heretofore or hereafter made which are designated by the donor at the time made for certain specific purposes other than described in clauses (i) and (ii) of this sentence.

**Section 4.20. Liens on Property.** Each Member covenants that it will not create or permit to be created or remain and, at its cost and expense, promptly discharge or terminate all Liens on its Property or any part thereof which are not Permitted Encumbrances.

**Section 4.21. Liquidity Covenant.** The Obligated Group covenants that it will calculate the Days' Cash on Hand of the Obligated Group as of February 28 (or February 29 in a leap year) and August 31 of each Fiscal Year, commencing with the earlier of the first such date after (i) Stable Occupancy or (ii) August 31, 2020 (each such date being a "Testing Date"). The Obligated Group shall deliver an Officer's Certificate setting forth such calculation as of February 28 (or February 29 in a leap year) to the Master Trustee not less than 45 days after such February 28 (or February 29 in a leap year), and include such calculation as of August 31 in the Officer's Certificate delivered pursuant to Section 4.15 hereof.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 180 Days' Cash on Hand on each Testing Date (the "Liquidity Requirement").

If the amount of Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement and the Obligated Group has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the Officer's Certificate delivered pursuant to Section 4.15 hereof, the Obligated Group

Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law.

Notwithstanding any other provision of this Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

**Section 4.22. Marketing Covenant.** Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2014 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy, the Obligated Group will use its best efforts to maintain the percentage of Independent Living Units that are part of the Project which are Reserved (the "Percentage of Reserved Independent Living Units") at or above the applicable levels set forth below, which determinations shall be measured as of the last day of the applicable quarter (the "Marketing Requirements"). The applicable Marketing Requirements shall as follows:

Quarter Ending	Percentage of Reserved Living Independent Units (%)	
	#Units	Percent
08/31/14	166	70.0%
11/30/14	168	70.9
02/28/15	170	71.7
05/31/15	172	72.6
08/31/15	174	73.4
11/30/15	176	74.3
02/29/16	178	75.1
05/31/16	180	75.9
08/31/16	182	76.8
11/30/16	184	77.6
02/28/17	186	78.5
05/31/17	188	79.3
08/31/17	191	80.6
11/30/17	194	81.9
02/28/18	197	83.1
05/31/18	201	84.8
08/31/18	204	86.1
11/30/18	207	87.3
02/28/19	210	88.6
05/31/19 and thereafter	214	90.3

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Corporation is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report (a "Management Marketing Report") that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of the number of reservations of Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Reserved Independent Living units is less than the Marketing Requirement for two successive fiscal quarters, the Corporation is required to retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything herein to the contrary, Greenbrier Development, LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such

Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

**Section 4.23. Occupancy Covenant.** The Obligated Group covenants that for each fiscal quarter (a) commencing with the first fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing Independent Living Units that are part of the Project, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all Independent Living Units that are part of the Project (the "Percentage of Units Occupied") at or above the requirements set forth below, which levels shall be measured as of the last day of the applicable Occupancy Quarter (the "Occupancy Requirements"):

Occupancy Quarter	Occupancy Requirements	
	#Units	Percent
1	15	6.3%
2	40	16.9
3	75	31.6
4	105	44.3
5	130	54.9
6	146	61.6
7	158	66.7
8	168	70.9
9	176	74.3
10	182	76.8
11	188	79.3
12	192	81.0
13	198	83.5
14	206	86.9
15	210	88.6
16 and thereafter	214	90.3

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Corporation is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a "Management Occupancy Report") that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of Independent Living Units that are part of the Project during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of

the number of Independent Living Units that are part of the Project expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Corporation is required to retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything herein to the contrary, Greenbrier Development, LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

**Section 4.24. Cumulative Cash Operating Loss.** The Obligated Group covenants that during the period (a) commencing with (i) the first fiscal quarter ending after the earliest date a resident has taken physical possession of one of the Independent Living Units included in the Project (the "Initial Occupancy Date") if such date is more than 30 days prior to the end of such fiscal quarter or (ii) the first full fiscal quarter ending after the Initial Occupancy Date if such Initial Occupancy Date is less than 30 days prior to the end of a fiscal quarter, and (b) ending with the fiscal quarter immediately preceding Stable Occupancy (Cumulative Cash Operating Loss is not required to be calculated following Stable Occupancy), it will calculate its Cumulative Cash Operating Loss as of the end of each fiscal quarter. Each Member is required to conduct its business so that as of the end of each such testing quarter the Obligated Group will have a Cumulative Cash Operating Loss not more than the amount set forth below:

Quarter	Cumulative Cash	Operating Loss
First	\$ 5,200,000	\$ 3,291,944
Second	6,700,000	4,216,078
Third	13,000,000	9,552,584
Fourth	17,000,000	13,169,513
Fifth	20,400,000	16,146,997
Sixth	23,400,000	18,580,303
Seventh	25,600,000	20,666,893
Eighth	26,800,000	21,883,128

Quarter	Cumulative Cash	Operating Loss
Ninth	27,800,000	22,931,759
Tenth	28,600,000	23,893,199
Eleventh	29,000,000	24,772,093
Twelfth	29,300,000	25,557,327
Thirteenth	29,600,000	26,258,702
Fourteenth	29,800,000	26,880,625
Fifteenth and thereafter	30,000,000	27,483,409

If, as of any testing date, the Cumulative Cash Operating Loss of the Obligated Group is greater than the amounts required above, the Obligated Group Representative shall, within 30 days after receipt of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to achieve the required level of Cumulative Cash Operating Loss for future periods.

If, as of any two consecutive testing dates, the Cumulative Cash Operating Loss is greater than the levels set forth above required, the Obligated Group Representative shall, within 30 days after receipt of the Officer's Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase Cumulative Cash Operating Loss to the required level for future periods. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date the Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law. The Obligated Group shall not be required to obtain a Consultant's report more than one time in any six month period.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required Cumulative Cash Operating Loss level will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the required procedures for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law.

**Section 4.25. Management Company and Marketing Consultant.** The Obligated Group is required to engage a Manager and a Marketing Consultant (which may be the same firm) at all times so long as any Obligation remains outstanding. The Obligated Group, or an Affiliate thereof, may serve as Manager of the Project if (i) the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D-2 Bonds have been paid in full, (ii) the Obligated Group has achieved a 1.30 Debt Service Coverage Ratio for six consecutive fiscal quarters, (iii) the Obligated Group has 200 Days' Cash on Hand for six consecutive quarters, (iv) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at required levels, (v) the Project has Stable Occupancy for the most recent six fiscal quarters, (vi) the Obligated Group is then in compliance with Chapter 651, Florida Statutes, as amended, and (vii) no Event

of Default has occurred and is continuing hereunder, and (2) the Obligated Group provides the Master Trustee with written confirmation from the auditor of the financial statements of the Obligated Group that there are no material weaknesses, material control issues or other adverse material negative findings in the financial statement of the Obligated Group. In lieu of (1) or (2) in the precedent sentence the Obligated Group may obtain consent from the Holders of a majority of Obligations. Except as provided below, the Members of the Obligated Group shall be required to retain a new Manager or Marketing Consultant or both, if:

- (i) the Obligated Group fails to make any payment on the Obligations when due; or
- (ii) the Obligated Group fails to maintain a Debt Service Coverage Ratio of at least 1.00 as shown on any two (2) successive quarterly unaudited financial statements; or
- (iii) the Obligated Group fails to meet the required Debt Service Coverage Ratio by the end of the second fiscal quarter following the date the Consultant's report is required as described above under Section 4.11(c) hereof; or
- (iv) the Obligated Group fails to meet the required Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required as described above under Section 4.23; or
- (v) the Obligated Group fails to meet the required Marketing Requirements by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.22; or
- (vi) the Obligated Group fails to meet the Cumulative Cash Operating Loss requirement by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.24; or
- (vii) the Obligated Group fails to meet the Liquidity Requirement by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.21.

Whenever the Obligated Group is required to retain a new Manager or Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Master Trustee, a list of two or more Persons experienced in the management, or marketing, as the case may be, of assisted living facilities of a type and size similar to the Project. If the Obligated Group is required to retain a new Manager or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant. In the event that a new Manager or Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Manager or Marketing Consultant until the new Manager or Marketing Consultant has been employed for at least twelve months.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager or Marketing Consultant:

- (i) a written report (prepared by a Consultant, but not by the Manager or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio Covenant, the Occupancy Requirement, the Liquidity Requirement, the Marketing Requirements, and/or the Cumulative Cash Operating Loss requirement is primarily due to factors outside the control of the present Manager or Marketing Consultant, or (b) that retaining a new Manager or Marketing Consultant is not likely to materially improve the Obligated Group's ability to comply with such requirements; and
- (ii) a certificated copy of the Governing Body of each Member of the Obligated Group stating that the performance by the Manager or Marketing Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager or Marketing Consultant.

**Section 4.26. Rating Application.** The Obligated Group Representative covenants that it will seek at its expense a rating of the Series 2014 Bonds from any Rating Agency each year after a determination is made by the Obligated Group Representative in consultation with the Initial Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligated Group Representative receives a preliminary indication from such Rating Agency that the Series 2014 Bonds will not be assigned an investment grade rating, the Obligated Group Representative shall withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014 Bonds.

**Section 4.27. Transfer of Cash to the Federation/Affiliate Payments.** The Obligated Group may not make any payments, other than for the Federation Subordinated Obligation, or other transfer of cash to the Federation unless (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D-2 Bonds and the Federation Subordinated Obligation have been paid in full, (ii) the average Debt Service Coverage Ratio of the Obligated Group for the preceding twelve months was not less than 1.35; (iii) there is no deficiency in any Debt Service Reserve Fund or the Minimum Liquid Reserve Accounts; (iv) the average Days' Cash on Hand for the preceding twelve months was not less than 250; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 90%; (vi) the Independent Living Units, the Assisted Living Units, the Memory-Support Units and the Nursing Beds that are part of the Project collectively have had an average occupancy for the preceding six months of not less than 85%; (vii) the Obligated Group is in compliance with Chapter 651, Florida Statutes, as amended; and (viii) no Event of Default has occurred and is continuing hereunder. If the Obligated Group is in compliance with requirements of the preceding sentence, the Obligated Group can transfer 50% of the amount of cash reserves greater than the greater of (A) 300 Days' Cash on Hand or (B) the lesser of the most recently published BBB- ratio for either Fitch or Standard & Poor's. In addition, if the Obligated Group is in compliance with requirements (i) through (viii) above, the Obligated Group can transfer 100% of the amount greater than the greater of (A) 375 Days' Cash on Hand or (B) the lesser of the

most recently published BBB median ratio for either Fitch or Standard & Poor's to the Federation or an Affiliate.

**Section 4.28. Consultant's Report.** Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee, the Bondholder Representative for the Series 2014D Bonds and beneficial owners of the Series 2014A/B/C Bonds will be given access to the Consultant. Within 21 days after a Consultant is required to be retained, the Corporation will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Corporation, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Corporation. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Corporation shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by applicable law.

**Section 4.29. Approval of Consultants.** (a) If at any time the Members of the Obligated Group are required to engage a Consultant under Sections 4.11, 4.21, 4.22, 4.23, 4.24 and 4.31 hereof, such Consultant shall be engaged in the manner set forth in this Section 4.29.

(b) Upon selecting a Consultant as required under the provisions of this Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, notify the Holders of all Obligations Outstanding under this Master Indenture and the Bondholder Representative for the Series 2014D Bonds of such selection. Such notice (which shall be provided by the Obligated Group Representative) shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of this Master Indenture that require the Consultant to be engaged, and (iii) state that the Holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Holder submits an objection to the selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of any objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of this Section 4.29.

(c) When the Master Trustee notifies the Holders of Obligations and the Bondholder Representative for the Series 2014D Bonds of such selection, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required by

subparagraph (b) above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of this Section 4.29.

The 15-day notice period described in (b) above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of this Section 4.29.

**Section 4.30. Needs Assessment Analysis.** Commencing on the fifth year anniversary of the date hereof and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to Section 3.02 hereof. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to Section 3.02 hereof and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the applicable five (5) Fiscal Year period (or such shorter period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

**Section 4.31. Actuarial Study.** During the Fiscal Year ending August 31, 2020, and at least once every three Fiscal Years thereafter, the Obligated Group Representative, at the Obligated Group's expense, shall provide the actuarial study described below to each Member, each Required Information Recipient and the Bondholder Representative for the Series 2014D Bonds. The actuarial study shall be prepared by a Consultant and include (i) the amount, if any, of the Obligated Group's obligations to provide services under the Residency Agreements anticipated to be in excess of those that could be satisfied using the rates, fees and charges for the Project, as defined in the Related Loan Agreement then in effect, and (ii) recommendations, if



any, with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to enable the Obligated Group to satisfy such obligations. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by applicable law.

[End of Article IV]

## ARTICLE V CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER

### Section 5.01. Merger, Consolidation, Sale or Conveyance.

(a) Each Member agrees that it will not merge into, or consolidate with, one or more Persons who are not Members, or allow one or more of such Persons to merge into it, or sell or convey all or substantially all of its Property to any Person who is not a Member, unless:

(i) Any successor Person to such Member (including without limitation any purchaser of all or substantially all the Property of such Member) is a Person organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor Person to assume, jointly and severally, the due and punctual payment of the principal of, premium, if any, and interest on all Obligations according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Indenture to be kept and performed by such Member;

(ii) Immediately after such merger or consolidation, or such sale or conveyance, no Member would be in default in the performance or observance of any covenant or condition of any Related Loan Agreement or this Master Indenture;

(iii) The Master Trustee receives an Officer's Certificate showing that (A) immediately after such merger or consolidation, sale or conveyance, (I) the Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by an Accountant are available would be not less than 1.20 or (II) that such Debt Service Coverage Ratio of the Obligated Group is greater than the Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such merger or consolidation, sale or conveyance and (B) immediately after such merger or consolidation, sale or conveyance, (I) the Obligated Group would be in compliance with the Liquidity Requirement for the most recent quarter after adjustment for the change or (II) that such calculation of the Days Cash on Hand of the Obligated Group is greater than such calculation would be immediately prior to such merger or consolidation, sale or conveyance; provided that in lieu of such Officer's Certificate, the Obligated Group Representative may deliver to the Master Trustee a Feasibility Report or Officer's Certificate necessary to support the incurrence of one dollar of Long-Term Indebtedness pursuant to Section 4.16(a)(i), (ii) or (iii), after giving effect to such merger or consolidation; and

(iv) If all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or fully provided for, there shall be delivered to the Master Trustee an Opinion of Bond Counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the validity of such Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor Person, such successor Person shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such Member. Each successor, assignee, surviving, resulting or transferee Person of a Member must agree to become, and satisfy the conditions described in Section 6.01 hereof to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status. Any successor Person to such Member thereupon may cause to be signed and may issue in its own name Obligations hereunder and such Member shall be released from its obligations hereunder and under any Obligations, if such Member shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor Person. All Obligations so issued by such successor Person hereunder shall in all respects have the same legal rank and benefit under this Master Indenture as Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may rely upon an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, has been effected in accordance with the provisions of the Master Indenture summarized under this caption.

[End of Article V]

## ARTICLE VI MEMBERSHIP IN THE OBLIGATED GROUP

**Section 6.01. Admission of Obligated Group Members.** Any other Person may become a Member of the Obligated Group if:

(a) Such Person is a business entity;

(b) Such Person shall execute and deliver to the Master Trustee a Supplement in a form acceptable to the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Representative, containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of this Master Indenture and (ii) unconditionally and irrevocably (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of Section 6.03 hereof) to jointly and severally make payments upon each Obligation;

(c) The Obligated Group Representative and each Member shall have approved the admission of such Person to the Obligated Group; and

(d) The Master Trustee shall have received

(i) an Officer's Certificate of the Obligated Group Representative which (A) demonstrates that (1) immediately upon such Person becoming a Member of the Obligated Group, (I) the Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by an Accountant are available, after adjustment for the addition of the new Member, would be not less than 1.20, or (II) that such Debt Service Coverage Ratio of the Obligated Group with such Person is greater than the Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year without such Person becoming a Member of the Obligated Group, and (2) immediately upon such Person becoming a Member of the Obligated Group, (I) the Obligated Group would be in compliance with the Liquidity Requirement based on the most recent quarterly financial statements delivered to the Master Trustee pursuant to Section 4.15 hereof or (II) that such calculation of the Days Cash on Hand of the Obligated Group is greater than such calculation would be without such Person becoming a Member of the Obligated Group; (B) states that prior to and immediately after such Person becoming a Member of the Obligated Group, no Event of Default exists hereunder and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default; and (C) prior to and immediately after such Person becoming a Member of the Obligated Group, the Members would not be in default in the performance or observance of any covenant or condition to be performed or observed hereunder; provided that in lieu of the requirements of clause (A), the Obligated Group Representative may deliver to the Master Trustee a Feasibility Report or Officer's Certificate necessary to support the incurrence of one dollar of Long-Term Indebtedness pursuant to Section 4.16(a)(i), (ii) or (iii), after giving effect to the admission of such Person to the Obligated Group; and provided further that in making the calculation called for by subsection (d)(i) above, (x) there shall be excluded from Revenues any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the

Fiscal Year during which such Person's entry into the Obligated Group occurs and (y) there shall be excluded from Expenses any Expenses related to Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs;

(ii) an Opinion of Counsel in form and substance acceptable to the Master Trustee to the effect that (x) the instrument described in Section 6.01(b) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and (y) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax Exempt Organization of any Member which otherwise has such status;

(iii) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the admission of such Person to the Obligated Group will not result in a lower rating on such series of Related Bonds; and

(iv) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the effect that under then existing law the consummation of such transaction would not adversely affect the validity of any Related Bonds or any exemption from federal or state income taxation of interest payable on such Bonds otherwise entitled to such exemption.

Each successor, assignee, surviving, resulting or transferee Person of a Member must agree to become, and satisfy the above described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

**Section 6.02. Obligated Group Members.** Upon any Person's becoming an Obligated Group Member as provided in Section 6.01:

(a) the Master Trustee may pursue any remedies consequent upon an Event of Default against any Obligated Group Member, or all of them, without notice to, demand upon or joinder of (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times;

(b) any right of contribution or right acquired by subrogation by any Obligated Group Member against any other Obligated Group Member arising out of the payment of Indebtedness shall be subordinated to the rights of the Master Trustee and the Holders of Obligations; and

(c) each Obligated Group Member shall designate the Obligated Group Representative as its attorney in fact with full power of substitution to perform, satisfy, and discharge every obligation, covenant, duty or liability to be performed on the part of the Obligated Group Member hereunder.

**Section 6.03. Withdrawal of Obligated Group Members.** Each Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group unless prior to cessation of such status there is delivered to the Master Trustee:

(a) an Opinion of Bond Counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable thereon to which such Bond would otherwise be entitled;

(b) an Officer's Certificate of the Obligated Group Representative to the effect that (i) immediately after such cessation the Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by an Accountant are available, after adjustment for the removal of the Member, would be not less than 1.20 or that such Debt Service Coverage Ratio of the Obligated Group is greater than the Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such cessation; (ii) immediately after such cessation, the Obligated Group would be in compliance with the Liquidity Requirement for the most recent quarter after adjustment for the removal of the Member, or that such calculation of Days Cash on Hand of the Obligated Group is greater than such calculation would be immediately prior to such cessation; and (iii) prior to and immediately after such cessation, no Event of Default exists hereunder and no event has occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default; provided that in lieu of the requirements of (i), the Obligated Group Representative may deliver to the Master Trustee a Feasibility Report or Officer's Certificate necessary to support the incurrence of one dollar of Long-Term Indebtedness pursuant to Section 4.16(a)(i), (ii) or (iii), after giving effect to the withdrawal of such Member from the Obligated Group.

(c) an Opinion of Counsel in form and substance acceptable to the Master Trustee to the effect that the cessation by such Member of its status as a Member will not adversely affect the status as a Tax Exempt Organization of any Member which otherwise has such status;

(d) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the cessation of such status will not result in a lower rating on such series of Related Bonds; and

(e) a consent in writing from the Obligated Group Representative and each Member to the withdrawal by the withdrawing Member.

**Section 6.04. Successor Obligated Group Representative.** The Corporation shall serve as the Obligated Group Representative until such time as the Corporation either (i) withdraws from the Obligated Group in accordance with this Article VI or (ii) delivers to the Master Trustee its resignation as the Obligated Group Representative. The Corporation covenants to fulfill all of the duties of the Obligated Group Representative under this Master Indenture. The Corporation agrees that it shall not withdraw from the Obligated Group or resign as Obligated Group Representative until the Corporation has appointed another Obligated Group Representative and such successor Obligated Group Representative has accepted its duties in writing. Each Obligated Group Member by becoming an Obligated Group Member

acknowledges that the Obligated Group Representative has certain powers and duties under this Master Indenture, including, but not limited to binding all Obligated Group Members to joint and several liability on all Obligations issued hereunder, and authorizes the Obligated Group Representative to exercise such powers and carry out such duties.

[End of Article VI]

## **ARTICLE VII REMEDIES OF THE MASTER TRUSTEE AND HOLDERS OF SECURED OBLIGATIONS IN EVENT OF DEFAULT**

**Section 7.01. Events of Default.** Event of Default, as used herein, shall mean any of the following events, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) default in the payment of the principal of (or premium, if any) or interest on any Obligation (other than Subordinated Obligations) when it becomes due and payable at its Maturity or Stated Maturity, as applicable, and the continuance of such default beyond the period of grace, if any, provided in the instrument creating such Obligation; or

(b) any Obligated Group Member shall fail duly to observe or perform any other covenant or agreement (other than a covenant or agreement whose performance or observance is elsewhere in this Section specifically dealt with) on the part of such Person contained in this Master Indenture for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee, or to the Obligated Group Representative and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Obligations then Outstanding; provided that if any such default can be cured by such Obligated Group Member but cannot be cured within the 60 day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by such Obligated Group Member within such 60 day period and the default is corrected within 90 days; or

(c) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging any Obligated Group Member a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of any Obligated Group Member under the Federal Bankruptcy Code or any other similar applicable Federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of any Obligated Group Member or of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days; or

(d) any Obligated Group Member shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its Trust Estate, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by the Governing Body of any Obligated Group Member in furtherance of any of the aforesaid purposes; or

(e) a final judgment for an amount not otherwise covered by insurance, in excess of \$100,000.00 which is not covered by insurance or as to which the insurer has given notice of a denial of coverage) is rendered against an Obligated Group Member and, within ten (10) days after entry thereof, such judgment has not been discharged or execution thereof stayed pending appeal or if, within ten (10) days after the expiration of any such stay, such judgment has not been discharged; or

(f) the Master Trustee has received written notice that an event of default, as therein defined, under any instrument under which Obligations may be incurred or secured, or under any Related Bond Indenture, has occurred and is continuing beyond the applicable period of grace, if any.

**Section 7.02. Acceleration of Maturity; Rescission and Annulment.** If an Event of Default occurs and is continuing, then and in every such case the Master Trustee or the Holders of not less than 25% in principal amount of the Outstanding Obligations except Subordinated Obligations may declare the principal of all the Obligations to be due and payable immediately, by a notice in writing to the Obligated Group Representative and all of the Holders of Obligations (and to the Master Trustee if given by Holders of Obligations), and upon any such declaration such principal shall become immediately due and payable.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Master Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Obligations except Subordinated Obligations (or the Outstanding Obligations securing the Related Bonds), by written notice to the Obligated Group Representative and the Master Trustee, may rescind and annul such declaration and its consequences if:

(a) one or more Obligated Group Members has paid or deposited with the Master Trustee a sum sufficient to pay:

(1) all overdue installments of interest on all Obligations (except Subordinated Obligations),

(2) the principal of (and premium, if any, on) any Obligations (except Subordinated Obligations) which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Obligations, and

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

(b) all Events of Default, other than the non payment of the principal of Obligations (except Subordinated Obligations) which have become due solely by such acceleration, have been cured or waived as provided in Section 7.16.

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

**Section 7.03. [Reserved.]**

#### **Section 7.04. Transfer, Assignment, Lease and Other Dispositions; Suits for Enforcement.**

In case an Event of Default shall occur and be continuing, the Master Trustee, in its discretion may, subject to the provisions of Section 7.18:

(a) protect and enforce its rights and the rights of the Master Trustee under this Master Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Master Indenture or in aid of the execution of any power granted in this Master Indenture or for the enforcement of any other legal, equitable, or other remedy, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Master Trustee, or

(b) as to all or part of the personal property (tangible or intangible) and fixtures included in the Trust Estate (such portion of the Trust Estate herein referred to as the "Collateral"),

(i) proceed under the Florida Uniform Commercial Code and exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Florida Uniform Commercial Code, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize, the Collateral and any part or parts thereof in any manner authorized or permitted under the Florida Uniform Commercial Code after default by a debtor, and, to the extent permitted by law, the Corporation and each other Member expressly waives any notice of sale or other disposition of the Collateral and any other rights and remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of the Master Trustee existing after default hereunder, and, to the extent any such notice is required and cannot be waived, the Corporation and each other Member agrees that if such notice is mailed, postage prepaid, to the Master Trustee at its address set out in Section 1.05 hereof at least ten days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice,

(ii) take possession of the Collateral and enter upon any premises where the same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and take any action deemed necessary or appropriate or desirable by the Master Trustee, at its option and in its discretion, to repair, refurbish, or otherwise prepare the Collateral for sale, lease, or other use or disposition as herein authorized,

(iii) transfer at any time to itself or to its nominee the Collateral, or any part thereof, and receive the money, income proceeds, or benefits attributable or accruing thereto and hold the same as security for the Outstanding Obligations or apply same as herein provided, and

(iv) require the Members to assemble the Collateral and make it available to the Master Trustee at a place to be designated by the Master Trustee that is reasonably convenient to all parties.

The Master Trustee shall be fully subrogated to the rights of all vendor's lienholders and other lienholders whose indebtedness is paid in whole or in part from proceeds of Obligations.

The filing of a suit to foreclose any lien, mortgage, or security interest hereunder or under the Mortgage shall never be considered an election so as to preclude foreclosure under any power of sale contained herein or in the Mortgage after dismissal of such a suit.

#### **Section 7.05. Incidents of Sale.**

Upon any sale of any of the Trust Estate, whether pursuant to judicial proceedings or otherwise, to the extent permitted by law:

(a) any Holder or Holders of Obligations or the Master Trustee may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain, and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Outstanding Obligations or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Obligations, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show partial payment;

(b) the Master Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale, and instrument of assignment and transfer of the property sold;

(c) the Master Trustee is hereby irrevocably appointed the true and lawful attorney of each Member, in its name and stead, to make all necessary deeds, bills of sale, and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale, and instruments of assignment and transfer, and may substitute one or more persons, firms, or corporation with like power, each Member hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof; but if so requested by the Master Trustee or by any purchaser, any Member shall ratify and confirm any such sale or transfer by executing and delivering the Master Trustee or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment and transfer, and release as may be designated in any such request;

(d) rights, titles, interests, claims, and demands whatsoever, either at law or in equity or otherwise, of the Members of, in, and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against each of the Members and their respective successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof by, though, or under the Members or their respective successors and assigns; and

(e) receipt of the Master Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchaser money and such purchaser or purchasers and his or their assigns or personal representative shall not, after paying such purchase money and receiving such receipt, be obligated to see to the application of such purchase money, or be in any wise answerable for any loss, misapplication, or non application thereof.

Upon a sale of substantially all the Trust Estate, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the Obligated Group Representative will permit, to the extent permitted by law, the purchaser thereof and its successors and assigns to take and use the names of the Members and to carry on business under such name or any variant thereof and to use and employ any and all other trade names, brands, and trademarks of the Members; and in such event, upon written request of such purchaser, its successors, or its assigns, any Member will, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

**Section 7.06. Collection of Indebtedness and Suits for Enforcement by Master Trustee.** The Obligated Group Members covenant (subject to any notice and grace periods contained herein) that if:

(a) default is made in the payment of any installment of interest on any Obligation when such interest becomes due and payable, or

(b) default is made in the payment of the principal of (or premium, if any, on) any Obligation at the maturity thereof,

each Obligated Group Member will, upon demand of the Master Trustee, pay to it, for the benefit of the Holders of such Obligations, the whole amount then due and payable on such Obligations for principal (and premium, if any) and interest, with interest at the rate borne by or otherwise set forth in the Obligations upon the overdue principal (and premium, if any); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel.

If the Obligated Group Members fail to pay any of the foregoing amounts forthwith upon demand, the Master Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Obligated Group Members or any other obligor upon the Obligations and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Obligated Group Members or any other obligor upon the Obligations, wherever situated.

If an Event of Default occurs and is continuing, the Master Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Obligations by such appropriate judicial proceedings as the Master Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

**Section 7.07. Master Trustee May File Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Obligated Group Members or any other obligor upon the Obligations or the property of the Obligated Group Members or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Obligations shall then be due and payable as therein expressed or by declaration or otherwise and

irrespective of whether the Master Trustee shall have made any demand on the Obligated Group Members for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Obligations and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel which shall be deemed an administrative claim) and of the Holders of Obligations allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator, custodian, or other similar official in any such judicial proceeding is hereby authorized by each Holder of Obligations to make such payments to the Master Trustee, and in the event that the Master Trustee shall consent to the making of such payments directly to the Holders of Obligations, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under this Master Indenture which shall be deemed an administrative claim.

Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Obligations any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder of Obligations in any such proceeding.

**Section 7.08. Master Trustee May Enforce Claims Without Possession of Obligations.** All rights of action and claims under this Master Indenture or the Obligations may be prosecuted and enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Master Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Obligations in respect of which such judgment has been recovered.

**Section 7.09. Application of Money Collected.** Any money collected by the Master Trustee pursuant to this Article and any proceeds of any sale (after deducting the costs and expenses of such sale, including a reasonable compensation to the Master Trustee, its agents and counsel, and any taxes, assessments, or liens prior to the lien of this Master Indenture and the Mortgage, except any thereof subject to which such sale shall have been made), whether made under any power of sale granted herein or in the Mortgage or pursuant to judicial proceedings, together with any other sums then held by the Master Trustee as part of the Trust Estate, shall be deposited in the Revenue Fund created by this Master Indenture, shall be applied in the order specified in Section 3.01, at the date or dates fixed by the Master Trustee and, in case of the

distribution of such money on account of principal (or premium, if any), upon presentation of the Obligations and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid.

In the event the Master Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 7.01(c) or 7.01(d) hereof, or from the occurrence of any event which, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

**Section 7.10. Limitation on Suits.** No Holder of any Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

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

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

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

(d) the Master 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 written request has been given to the Master Trustee during such 60 day period by the Holders of a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations; it being understood and intended that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Holders of Obligations, or to obtain or to seek to obtain priority or preference over any other Holders (except Holders of Subordinated Obligations) or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Obligations (except the Holders of Subordinated Obligations).

(f) Notwithstanding any provision of this Section to the contrary, if an Event of Default occurs and is continuing, no Holder of any Subordinated Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder until all Obligations other than Subordinated Obligations have been paid in full.

**Section 7.11. Unconditional Right of Holders of Obligations to Receive Principal, Premium and Interest.** Notwithstanding any other provision in this Master Indenture, the Holder of any Obligation shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and (subject to Section 2.07) interest on such Obligation on the respective Stated Maturities expressed in such Obligation (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; provided, however, that if an Event of Default occurs and is continuing, no Holder of any Subordinated Obligation shall institute suit for the enforcement of any such payment until all Obligations other than Subordinated Obligations have been paid in full.

**Section 7.12. Restoration of Rights and Remedies.** If the Master Trustee or any Holder of Obligations has instituted any proceeding to enforce any right or remedy under this Master Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Holder of Obligations, then and in every such case the Obligated Group Members, the Master Trustee and the Holders of Obligations shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Master Trustee and the Holders of Obligations shall continue as though no such proceeding had been instituted.

**Section 7.13. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Master Trustee or to the Holders of Obligations 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.

**Section 7.14. Delay or Omission Not Waiver.** No delay or omission of the Master Trustee or of any Holder of any Obligation to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Master Trustee or to the Holders of Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Holders of Obligations, as the case may be.

**Section 7.15. Control by Holders of Obligations.** The Holders of a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred on the Master Trustee, provided that:

- (a) such direction shall not be in conflict with any rule of law or with this Master Indenture,
- (b) the Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction; and

- (c) the Master Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 8.03(e) hereof is provided to it by such Holders.

**Section 7.16. Waiver of Past Defaults.** The Holders of not less than a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations may on behalf of the Holders of all the Obligations waive any past default hereunder and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Obligation, or
- (b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Obligation affected.

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

**Section 7.17. Undertaking for Costs.** All parties to this Master Indenture agree, and each Holder of any Obligation by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Indenture, or in any suit against the Master Trustee for any action taken or omitted by it as Master Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Master Trustee, to any suit instituted by any Holder of Obligations, or group of Holders of Obligations, holding in the aggregate more than 10% in principal amount of the Outstanding Obligations, or to any suit instituted by any Holder of Obligations for the enforcement of the payment of the principal of (or premium, if any) or interest on any Obligation on or after the respective Stated Maturities expressed in such Obligation (or, in the case of redemption, on or after the redemption date).

**Section 7.18. Waiver of Stay or Extension Laws.** Each Obligated Group Member covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Master Indenture; and each Obligated Group Member (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay, or impede the execution of any power herein granted to the Master Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

[End of Article VII]



**ARTICLE VIII  
CONCERNING THE MASTER TRUSTEE**

**Section 8.01. Duties and Liabilities of Master Trustee.**

(a) Except during the continuance of an Event of Default, the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee.

(b) In case any Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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

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

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

(3) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding other than Subordinated Obligations relating to the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture;

(4) no provision of this Master Indenture shall require the Master Trustee to expend or risk its 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 grounds for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it; and

(5) in the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee is entitled to rely exclusively on an Officer's Certificate and shall be under no duty to examine the same to determine whether or not they conform to the requirements of this Master Indenture.

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

**Section 8.02. Notice of Defaults.** Within 60 days after the occurrence of any default hereunder of which the Master Trustee is deemed to have knowledge as provided in Section 8.03(h) hereof, the Master Trustee shall transmit by mail to all Holders of Obligations, notice of such default, unless such default shall have been cured or waived; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Obligations or in the payment of any sinking or purchase fund installment, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Master Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Obligations; and provided, further, that in the case of any default of the character specified in Section 7.01(b) no such notice to Holders of Obligations shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

**Section 8.03. Certain Rights of Master Trustee.** Except as otherwise provided in Section 8.01:

(a) The Master 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, approval, 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 and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) Any request or direction of any Person mentioned herein shall be sufficiently evidenced by a Request of such Person; and any resolution of the Governing Body of any Person may be evidenced to the Master Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

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

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders of Obligations pursuant to the provisions of this Master Indenture, unless such Holders shall have provided to the Master Trustee security or indemnity satisfactory to it against the costs, expenses, and liabilities which might be incurred by it in connection with such request or direction;

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

(g) The Master 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 Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care hereunder;

(h) The Master Trustee shall not be deemed to have knowledge of any default (as defined in Section 8.02 hereof) hereunder, except an Event of Default under Section 7.01(a) hereof and the failure of any document required to be filed with the Master Trustee hereunder, unless a Responsible Officer has actually received notice of such default in writing from any Obligated Group Member or the Holder of any Obligation, referencing the Obligations and describing such default;

(i) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty (except as otherwise herein provided). It shall not be the duty of the Master Trustee, except as herein provided, to see that any duties or obligations herein imposed upon any Obligated Group Member or any other Person are performed, and the Master Trustee shall not be liable or responsible for the failure of any Obligated Group Member or any other Person to perform any act required of it or them by this Master Indenture;

(j) The Master Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Master Indenture;

(k) In the event the Master Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Obligations, each representing less than a majority in aggregate principal amount of the Obligations Outstanding other than Subordinated Obligations, the Master Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(l) The Master Trustee's immunities and protections from liability in connection with the performance of its duties under this Master Indenture shall extend to the Master Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Master Trustee's right to compensation, shall survive the Master Trustee's resignation or removal and final payment of the Obligations; and

(m) Except for information provided by the Master Trustee concerning the Master Trustee, the Master Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Obligations, and the Master Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations.

**Section 8.04. Not Responsible For Recitals or Issuance of Obligations.** The recitals contained herein and in the Obligations (other than the certificate of authentication on such Obligations) shall be taken as the statements of the Obligated Group Members, and the Master Trustee assumes no responsibility for their correctness. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Obligations. The Master Trustee shall not be accountable for the use or application by the Obligated Group Members of any of the Obligations or of the proceeds of such Obligations. The Master Trustee is not a party to, and is not responsible for, and makes no representation with respect to matters set forth in any preliminary official statement, official statement, or similar document prepared and distributed in connection with the transactions contemplated in this Master Indenture.

**Section 8.05. Master Trustee or Registrar May Own Obligations.** The Master Trustee, any Paying Agent, registrar, or any other agent of the Obligated Group Members, in its individual or any other capacity, may become the owner or pledgee of Obligations and may otherwise deal with the Obligated Group Members with the same rights it would have if it were not Master Trustee, Paying Agent, Obligation registrar, or such other agent.

**Section 8.06. Money to Be Held in Trust.** All money received by the Master Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Master Trustee shall be under no liability for interest on any money received by it hereunder other than such interest as it expressly agrees to pay.

**Section 8.07. Compensation and Expenses of Master Trustee.** The Obligated Group Members agree:

(a) to pay to the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(b) to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements, of its agents and counsel) except any such expense, disbursement, or advance as may arise from its negligence or bad faith; and

(c) each Obligated Group Member shall indemnify the Master Trustee for, and hold it harmless against any loss, liability or expense incurred by it without negligence or bad faith on its part, arising out of and in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

**Section 8.08. Corporate Master Trustee Required; Eligibility.** There shall at all times be a Master Trustee hereunder which shall be a banking corporation, bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by Federal or State banking authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the

purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect hereinafter specified in this Article.

**Section 8.09. Resignation and Removal; Appointment of Successor.**

(a) No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Master Trustee under Section 8.10.

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

(c) The Master Trustee may be removed (i) if no Event of Default has occurred and is continuing under this Master Indenture, then by act of the Obligated Group Representative delivered to the Master Trustee and (ii) at any time by act of the Holders of a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations delivered to the Master Trustee and to the Obligated Group Representative.

(d) If at any time:

(1) the Master Trustee shall cease to be eligible under Section 8.08 and shall fail to resign after written request therefor by the Obligated Group Representative or by any Holder of Obligations, or

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

then, in any such case, (A) the Obligated Group Representative by written request may remove the Master Trustee, or (B) subject to Section 7.17, any Holder of Obligations who has been a bona fide Holder of an Obligation 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 Master Trustee and the appointment of successor Master Trustee.

(e) If the Master Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Master Trustee for any cause, the Obligated Group Representative, by an Obligated Group Representative Request, shall promptly appoint a successor Master Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Master Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations delivered to the Obligated Group Representative and the retiring Master Trustee, the successor Master Trustee so appointed shall, forthwith upon its acceptance of

such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by the Obligated Group Representative. If no successor Master Trustee shall have been so appointed by the Obligated Group Representative or the Holders of Obligations and accepted appointment in the manner hereinafter provided, any Holder of Obligations who has been a bona fide Holder of an Obligation 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 Master Trustee.

(f) The Obligated Group Representative shall give notice of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee by mailing written notice of such event by first class mail, postage prepaid, to the registered Holders of Obligations at their addresses as shown in the Obligation Register. Each notice shall include the name and address of the designated corporate trust office of the successor Master Trustee.

**Section 8.10. Acceptance of Appointment by Successor.** Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group Representative and to the retiring Master Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and such successor Master Trustee, without any further act, deed, or conveyance, shall become vested with all the rights, powers, trusts, and duties of the retiring Master Trustee; but, on request of the Obligated Group Representative or the successor Master Trustee, unless otherwise provided by Section 8.11 hereof, such retiring Master Trustee shall, upon payment of its charges and the amounts due to it hereunder, execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to the successor Master Trustee all property and money held by such retiring Master Trustee hereunder. Upon request of any such successor Master Trustee (except its rights under Section 8.07 hereof or any other indemnification provided hereunder), the Obligated Group Representative shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such rights, powers, and trusts.

No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article. The indemnity provided for in Section 8.07(c) herein shall continue to be binding upon the Members of the Obligated Group for the benefit of the retiring or removed Master Trustee.

**Section 8.11. Merger or Consolidation.** Any entity into which the Master Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Master Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor Master Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Obligations shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Obligations so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Obligations.

**Section 8.12. Master Trustee as Related Bond Trustee.** The Master Trustee may serve as Related Bond Trustee under any Related Bond Indenture so long as the Master Trustee is the Related Bond Trustee for all outstanding Related Bonds. If an entity other than the Master Trustee becomes a Related Bond Trustee, the Master Trustee hereby agrees to promptly resign from its role as Master Trustee or Related Bond Trustee, at its option, on its own motion and a successor Master Trustee or Related Bond Trustee, as appropriate, shall be appointed and qualified as set forth in Section 8.09 hereof or in the Related Bond Indenture.

[End of Article VIII]

## ARTICLE IX SUPPLEMENTS AND AMENDMENTS

**Section 9.01. Supplements Without Consent of Holders of Obligations.** Without the consent of the Holders of any Obligations, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee at any time may enter into one or more Supplements for any of the following purposes:

- (a) to evidence the succession of another Person to an Obligated Group Member, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of an Obligated Group Member as permitted by this Master Indenture or to evidence additions to, or withdrawals from, membership in the Obligated Group in accordance with the provisions of Article VI hereof;
- (b) to add to the covenants of the Obligated Group Members for the benefit of the Holders of Obligations, or to surrender any right or power herein conferred upon the Obligated Group Members, or to add to the Events of Default enumerated in Section 7.01;
- (c) to cure any ambiguity or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Master Indenture that shall not be inconsistent with this Master Indenture, provided such action shall not adversely affect the interests of the Holders of Obligations;
- (d) to modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar Federal or State statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Obligated Group Members undertake such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Indenture or in any Supplements provisions referred to in Section 316(a)(2) of said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;
- (e) to create and provide for the issuance of Obligations as permitted hereunder;
- (f) to increase or maintain any credit rating assigned to any Series of Related Bonds by a Rating Agency so long as no Obligation issued hereunder shall be secured on a basis senior to other Obligations except Subordinated Obligations;
- (g) to change Section 4.15 hereof to permit the financial statements required therein to more accurately reflect the financial position and operations of the Obligated Group; and
- (h) to make any amendment to any provision of this Master Indenture or to any Supplement which is only applicable to Obligations issued thereafter or which will not apply so long as any Obligation then Outstanding remains Outstanding.

**Section 9.02. Supplements With Consent of Holders of Obligations.** With the consent of the Holders of not less than a majority in principal amount of the Outstanding Obligations other than Subordinated Obligations, by Act of said Holders delivered to the Obligated Group Representative and the Master Trustee, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee may enter into Supplements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of modifying in any manner the rights of the Holders of the Obligations under this Master Indenture; provided, however, that no such Supplement shall, without the consent of the Holder of each Outstanding Obligation affected thereby,

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any Place of Payment where, or the coin or currency in which, any Obligations 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) reduce the percentage in principal amount of the Outstanding Obligations, the consent of whose Holders is required for any such Supplement, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences) provided for in this Master Indenture, or

(c) modify any of the provisions of this Section or Section 7.16, except to increase any such percentage or to provide that certain other provisions of this Master Indenture cannot be modified or waived without the consent of the Holder of each Obligation affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with respect to an Outstanding Obligation, with the consent of the holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Related Bonds related to such Obligation; provided, however, any such amendment shall not result in a change in preference or priority of any Obligation or Related Bonds over any other Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in clauses (a), (b), or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds. Notwithstanding the foregoing, the Bondholder Representative for the Series 2014D Bonds has the right to veto any such proposed amendments so long as any Series 2014D-2 Bonds are Outstanding and a Bondholder Representative for the Series 2014D Bonds is serving in such capacity.

It shall not be necessary for any Act of Holders of Obligation under this Section to approve the particular form of any proposed Supplement, but it shall be sufficient if such Act shall approve the substance thereof.

**Section 9.03. Execution of Supplements.** In executing, or accepting the additional trusts created by, any Supplement permitted by this Article or the modifications thereby of the trusts created by this Master Indenture the Master Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such

Supplement is authorized or permitted by this Master Indenture and that all conditions precedent thereto have been complied with. In connection with the execution and delivery of a Supplement pursuant to Section 9.01(c), the Master Trustee, in its discretion, may determine whether or not in accordance with such Section the Holders of the Obligations would be affected by such Supplement, and any such determination shall be binding and conclusive on the Members of the Obligated Group and the Holders of the Obligations. The Master Trustee may receive and be entitled to rely upon an Opinion of Counsel as conclusive evidence as to whether the Holders of the Obligations would be so affected by any such Supplement. The Master Trustee may, but shall not (except to the extent required in the case of a Supplement entered into under Section 9.01(d)) be obligated to, enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

**Section 9.04. Effect of Supplement.** Upon the execution of any Supplement under this Article, this Master Indenture shall, with respect to each series of Obligations to which such Supplement applies, be modified in accordance therewith, and such Supplement shall form a part of this Master Indenture for all purposes, and every Holder of Obligations thereafter or (except to the extent provided pursuant to Section 9.01(h)) theretofore authenticated and delivered hereunder shall be bound thereby.

**Section 9.05. Obligations May Bear Notation of Changes.** Obligations authenticated and delivered after the execution of any Supplement pursuant to this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Obligations so modified as to conform, in the opinion of the Master Trustee and the Obligated Group Representative, to any such Supplement may be prepared and executed by the applicable Obligated Group Member and authenticated and delivered by the Master Trustee in exchange for Obligations then Outstanding.

[End of Article IX]

**ARTICLE X**  
**SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS**

**Section 10.01. Satisfaction and Discharge of Master Indenture.** If at any time the Obligated Group Members shall have paid or caused to be paid the principal of (and premium, if any) and interest on all the Obligations Outstanding hereunder, as and when the same shall have become due and payable, and if the Obligated Group Members shall also pay or provide for the payment of all other sums payable hereunder by each Obligated Group Member then this Master Indenture shall cease to be of further effect (except as to (1) rights of registration of transfer and exchange, (2) substitution of mutilated, defaced, or apparently destroyed, lost or stolen Obligations, (3) rights of Holders to receive payments of principal thereof (and premium, if any) and interest thereon, (4) the rights, remaining obligations, if any, and immunities of the Master Trustee hereunder and (5) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Master Trustee payable to all or any of them) and the Master Trustee, on the Obligated Group Representative's Request accompanied by an Officer's Certificate and an Opinion of Counsel (both to the effect that all conditions precedent in this Master Indenture relating to the satisfaction and discharge of this Master Indenture have been satisfied) and at the cost and expense of the Obligated Group Representative, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture.

Notwithstanding the satisfaction and discharge of this Master Indenture, the obligations of the Obligated Group Members to the Master Trustee under Section 8.07 and, if funds shall have been deposited with the Master Trustee pursuant to Section 10.02, the obligations of the Master Trustee under Section 10.03 shall survive.

**Section 10.02. Obligations Deemed Paid.** Obligations of any series shall be deemed to have been paid if (a) (1) in case such Obligations are to be redeemed on any date prior to their Stated Maturity, the Obligated Group Representative by Obligated Group Representative Request shall have given to the Master Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Obligations on said redemption date, (2) there shall have been deposited with the Master Trustee either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Master Trustee accompanied by a report of an Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of (and premium, if any) and interest due and to become due on said Obligations on and prior to the redemption date or Stated Maturity thereof, as the case may be, and (3) in the event said Obligations are not by their terms subject to redemption within the next 45 days, the Obligated Group Representative by Obligated Group Representative Request shall have given the Master Trustee in form satisfactory to it irrevocable instructions to give a notice to the Holders of such Obligations that the deposit required by (2) above has been made with the Master Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal of (and premium, if any) and interest on said Obligations or (b) such Obligations are delivered to the Master Trustee by the Related Bond Trustee together with instructions from the Obligated Group Representative directing the Master Trustee to retire and cancel such Obligations.

**Section 10.03. Application of Trust Money.** The Defeasance Obligations and money deposited with the Master Trustee pursuant to Section 10.02 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Obligations and this Master Indenture, to the payment, either directly or through any Paying Agent (including the Obligated Group Representative acting as Paying Agent) as the Master Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Master Trustee of an Officer's Certificate (accompanied by the report of an Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in clause (2) of Section 10.02, any money received from principal or interest payments on Defeasance Obligations deposited with the Master Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Obligated Group Representative Request be reinvested, to the extent practicable, in other Defeasance Obligations or disposed of as requested by the Obligated Group Representative. For purposes of any calculation required by this Article, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer and the principal of such obligation shall be assumed to be received at its stated maturity.

**Section 10.04. Payment of Related Bonds.** Notwithstanding any other provision of this Article X, no Obligation will be considered paid or deemed to have been paid unless the Related Bonds, if any, have been paid or deemed paid pursuant to the Related Bond Indenture.

[End of Article X]

## ARTICLE XI MISCELLANEOUS PROVISIONS

**Section 11.01. No Personal Liability.** No recourse under this Master Indenture or any Obligations shall be had against any officer, director, agent or employee, as such, past, present, or future, of any Obligated Group Member, any Affiliate, the Master Trustee or of any successor corporation; it being expressly understood that this Master Indenture and the obligations incurred hereunder are solely obligations of the entities named herein as obligors, and that no personal liability whatever shall attach to such Persons or any of them, under this Master Indenture or any Obligations; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such Person because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants, or agreements contained in this Master Indenture or in any Obligations are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Indenture and the issue of such Obligations.

**Section 11.02. Florida Contract.** This Master Indenture and the Obligations shall be deemed to be contracts made under the laws of the State, and for all purposes shall be construed in accordance with the laws of the State applicable to contracts made and to be performed in the State.

**Section 11.03. Legal Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Master Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the nominal date provided in this Master Indenture.

**Section 11.04. Benefits of Provisions of Master Indenture and Obligations.** Nothing in this Master Indenture or in the Obligations, expressed or implied, shall give or be construed to give any Person, other than the parties hereto, and the Holders of such Obligations, any legal or equitable right, remedy, or claim under or in respect of this Master Indenture, or under any covenant, condition, and provision herein contained; all its covenants, conditions, and provisions being for the sole benefit of the parties hereto and of the Holders of such Obligations.

**Section 11.05. Execution in Counterparts.** This Master Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

**Section 11.06. UCC Financing Statements.** The Members of the Obligated Group hereby expressly grant to the Master Trustee the full right and authority to file any Uniform Commercial Code financing statement, continuation statement or amendment that may be required by law or is, necessary to maintain any security interest granted by the Obligated Group to the Master Trustee pursuant to this Master Indenture. Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financial statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such filings, and unless the Master Trustee shall have been notified by the Obligated Group that any such initial filing or description of collateral was or has become defective, the

Master Trustee shall be fully protected in relying on such initial filing and descriptions in filing any financing or continuation statement(s) pursuant to this Section. The Obligated Group shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this section.

**Section 11.07. Brokerage Confirmations.** The Members of the Obligated Group acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Members of the Obligated Group the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Members of the Obligated Group specifically waive receipt of such confirmations to the extent permitted by law. The Master Trustee will furnish the Obligated Group Representative and the Bondholder Representative for the Series 2014D Bonds periodic cash transaction statements that include detail for all investment transactions made by the Master Trustee hereunder.

[End of Article XI]

IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first above written.

**FEDERATION CCRC OPERATIONS CORP.**, as  
the initial Obligated Group Member and as the  
Obligated Group Representative

By: \_\_\_\_\_  
Assistant Treasurer and Secretary

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

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

STATE OF FLORIDA

COUNTY OF PALM BEACH

This instrument was acknowledged before me on May \_\_, 2014, by Mel Lowell, who is the Assistant Treasurer and Secretary of Federation CCRC Operations Corp., a Florida nonprofit corporation, for and on behalf of said corporation.

[SEAL] \_\_\_\_\_  
Notary Public, State of Florida

STATE OF FLORIDA

COUNTY OF PALM BEACH

This instrument was acknowledged before me on May \_\_, 2014, by Janice Entsminger, who is a Vice President of U.S. Bank National Association, a national banking association, for and on behalf of said organization.

[SEAL] \_\_\_\_\_  
Notary Public, State of Florida



**EXHIBIT A**  
**EXISTING LIENS**

1. All laws, ordinances, regulations, restrictions prohibitions and other requirements imposed by governmental authority, including but not limited to, all applicable building, zoning, land use and environmental ordinances and regulations.
2. Taxes and assessments for the year 2014 and subsequent years, which are not yet due and payable.
3. Oil gas, mineral and canal reservations as set forth in those certain deeds from the Board of Commissioners of the Everglades Drainage District recorded in Deed Book 729, page 241, Deed Book 779, page 544, and Deed Book 779, page 557, as affected by that certain Conveyance of Rights in Reservations to the Lake Worth Drainage District recorded in Official Records Book 1994, page 1573, Quit-Claim Deed recorded in Official Records Book 24757, page 430, Release of Reservations No. 18489 recorded in Official Records Book 24882, page 936, and Non-Use Commitment No. 1605 recorded in Official Records Book 24882, page 941. (as to Parcels 1, 2, and 4)
4. Matters appearing on the plat of RAINBERRY P.U.D., PODS A, B & C, recorded in Plat Book 80, page 24, as affected by that certain Resolution No. R-98-2104 of the Board of County Commissioners of Palm Beach County, Florida, abandoning a portion of 95th Avenue, a water management tract, an ingress/egress tract and certain easements as set forth on said plat, said resolution recorded in Official Records Book 10856, page 1563; and as further affected by that certain Resolution No. R-2008-2347 renouncing and disclaiming any public interest in a portion of 95th Avenue, recorded in Official Records Book 23005, page 1505. (as to Parcels 1, 2, and 4)
5. Easement Deed granted to the Lake Worth Drainage District recorded in Official Records Book 9734, page 750. (as to Parcels 1, 2 and 4)
6. Easement granted to Florida Power & Light Company recorded in Official Records Book 10541, page 516. (as to Parcels 1, 2, and 4)
7. Terms and conditions of that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175. (as to Parcels 1 and 4)
8. Easement granted to Florida Power & Light Company recorded in Official Records Book 11869, page 1. (as to Parcels 1 and 4)
9. Lift Station Easement granted to Palm Beach County by instrument recorded in Official Records Book 12340, page 1634. (as to Parcels 1 and 4)
10. Utility Easement granted to Palm Beach County recorded in Official Records Book 12340, page 1641. (as to Parcels 1, 2, and 4)
11. Easement granted to Florida Power & Light Company recorded in Official Records Book 12395, page 1689. (as to Parcels 1, 2, and 4)
12. Utility Easement granted to Palm Beach County recorded in Official Records Book 13187, page 1218. (as to Parcels 1, 2 and 4)
13. Public Transit Bus Shelter Boarding and Alighting Area Easement recorded in Official Records Book 22690, page 1899. (as to Parcels 1, 2, and 4)
14. Drainage Easement in favor of Palm Beach County recorded in Official Records Book 23181, page 712. (as to Parcels 1, 2, 4 and 5)
15. Notice of Environmental Resource or Surface Water Management Permit by the South Florida Water Management District recorded in Official Records Book 24338, page 1478 and Notice of Environmental Resource or Surface Water Management Permit recorded September 28, 2009 in Official Records Book 23466, Page 1147. (as to Parcels 1, 2, 4 and 5)
16. Terms, conditions and easements set forth in that certain Off-Site Parking Agreement by and between Federation CCRC Property Corp., a Florida not-for-profit corporation, and Jewish Community Facilities Corporation, a Florida not-for-profit corporation, recorded in Official Records Book 24476, page 45 as amended by that certain First Amendment to Off-Site Parking Agreement dated May, 2014 and recorded on or about May 21, 2014 in Official Records of Palm Beach County, Florida. (as to Parcels 1, 2, and 4)
17. Terms and conditions of that certain Reciprocal Easement and Operating Agreement by and between Jewish Community Facilities Corporation, a Florida not-for-profit corporation, and Boca Raton Jewish Community Day School, Inc., a Florida not-for-profit corporation, recorded in Official Records Book 24636, page 1084. (as to Parcels 1, 2, and 4)
18. Potable Water and Wastewater Development Agreement (DA) by and between Palm Beach County, Jewish Community Facilities Corporation, and Federation CCRC Property Corporation recorded in Official Records Book 25189, page 1253. (as to Parcels 1 and 4)
19. Terms, conditions and easements set forth in that certain Easement Deed, in favor of Lake Worth Drainage District, recorded in Official Records Book 23124, Page 608. (as to Parcels 2, 3 and 4)
20. Declaration of Maintenance Covenants, recorded in Official Records Book 23298, Page 1880. (as to Parcels 2, 4 and 5)
21. Terms and conditions as set forth in Access Easement, executed by Lake Worth Drainage District in favor of Boca Raton Jewish Community Day School, Inc., Jewish Community Facilities Corporation and Federation CCRC Property Corp., recorded September 22, 2011 in Official Records Book 24757, Page 432. (as to Parcel 3)
22. Lake Worth Drainage District right of way canal, as set forth and described in instruments, recorded in Official Records Book 6495, Page 761, Official Records Book 6495, Page 1165, Official Records Book 6495, Page 1545, and Official Records Book 6495, Page 1554. (as to Parcel 3)
23. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry Pod "D", recorded in Plat Book 86, Page 7. (as to Parcels 2, 4 and 5)
24. Terms and conditions as set forth in Declaration of Easement for Ingress and Egress, recorded in Official Records Book 25368, Page 1789. (as to Parcels 2, 4 and 5)
25. Terms and conditions as set forth in that certain Reciprocal Easement and Cost Sharing Agreement by and between Federation CCRC Property Corp., a Florida non profit corporation, Boca Raton Jewish Community Day School, Inc., a Florida non profit corporation, Federation-Gulfstream Housing, Inc., a Florida non profit corporation, SPBC Federation Housing, Inc., a Florida non profit corporation and

- Jewish Community Facilities Corporation, a Florida corporation, f/k/a SPBCJF Title Holding Corporation, a Florida non-profit corporation dated May 8, 2104 and recorded May 12, 2014 in Official Records Book 26785, Page 283. (as to Parcel 4)
26. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry P.U.D., Pods A, B, & C Replat No. 1, recorded in Plat Book 118, Pages 14 through 21, inclusive. (as to all Parcels)
  27. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 10991, Page 1581, as amended in Official Records Book 12138, Page 1016. (as to Parcels 4 and 5)
  28. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 11066, Page 883. (as to Parcels 4 and 5)
  29. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in the instruments recorded in Official Records Book 9619, Page 734 and Official Records Book 9619, Page 738. (as to Parcels 4 and 5)
  30. Covenants, Conditions and Easements contained in Agreement recorded in Official Records Book 10082, Page 1351. (as to Parcels 4 and 5)
  31. Restrictive Covenant Agreement recorded in Official Records Book 10264, Page 1161. (as to Parcels 4 and 5)
  32. Standard Potable Water and Wastewater Development Agreement recorded June 19, 2008 in Official Records Book 22709, Page 674. (as to Parcels 4 and 5)
  33. Resolution No. R-2008-2347, regarding abandonment of portions of 95th Avenue, recorded December 23, 2008 in Official Records Book 23005, Page 1505. (as to Parcels 4 and 5)
  34. Reservation of small lateral ditches in favor of other tracts set forth in the Deeds from the Palm Beach Farms Company recorded in Deed Book 63, page 194 and Deed Book 95, page 156. (as to Parcel 4)
  35. Canal and reclamation reservations contained in the Deed from the Trustees of the Internal Improvement Fund recorded in Deed Book 373, page 477. (as to Parcel 4)
  36. Reservation of rights of way contained in the Deed from the Lake Worth Drainage District recorded in Deed Book 583, page 14. (as to Parcel 4)
  37. Canal, reclamation, state road and county road right of way reservations contained in the Deed from the Everglades Drainage District recorded in Deed Book 695, page 353. (as to Parcel 4)
  38. Terms, covenants, conditions and easements contained in the Agreement between Palmetto 441 Development Corp. and South Palm Beach Utilities Corporation recorded in Official Records Book 3543, page 213. (as to Parcel 4)

39. Terms, covenants, conditions, maintenance and indemnification obligations contained in the Easement Grant recorded in Official Records Book 3808, page 1350. (as to Parcel 4)
40. Terms, covenants, conditions, restrictions and easements created by and set forth in the Declaration of Covenants, Conditions and Restrictions for Rainberry at West recorded in Official Records Book 4367, page 1160, as refiled in Official Records Book 4377, page 1724, and as amended in Official Records Book 4964, page 1397, Official Records Book 5052, page 654, Official Records Book 5727, page 1678, Official Records Book 5886, page 1579, Official Records Book 6107, page 1293 and Official Records Book 6438, page 27, including, but not limited to, provisions for private charges or assessments and liens for liquidated damages; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. (as to Parcel 4)
41. Easement granted to Lake Worth Drainage District recorded in Official Records Book 4399, page 66. (as to Parcel 4)
42. Terms, covenants, conditions and easements contained in the Easement Agreement between South Palm Beach County Jewish Federation, Inc. and Federation-Gulfstream Housing, Inc. recorded in Official Records Book 5823, page 1339, as refiled in Official Records Book 5866, page 1351, as amended by Amendment to Easement Agreement, recorded in Official Records Book 24982, Page 396. (as to Parcel 4)
43. Unrecorded 12' wide Lake Worth Drainage District Easement as referenced in that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175.
44. Easements, claims of easements, boundary line disputes, overlaps, encroachments or other matters not shown by the public records which would be disclosed by an accurate survey of the Land. (as to Easement Parcel 4 and Easement Parcel 5 only)
45. Matters as set forth on that certain survey prepared by Wantman Group, Inc., dated February 28, 2008, revised March 6, 2014 and last revised April 14, 2014 as Job No. 1051050J.13, as follows:
  - a) Encroachment of wire fence along portion of East boundary line;
  - b) CATV, light pole(s), sanitary sewer manhole(s), gate valve, water valve, catch basin, backflow preventer, electric panel, check valve, ball valve throughout caption property
  - c) Encroachment of wood fence along portion of East boundary line;
  - d) Encroachment of wood deck from adjacent property onto caption property (along a portion of the South boundary line of Tract L-2, Parcel 4)
  - e) Encroachment of concrete pavement from caption property onto adjacent property (along a portion of North boundary line of Tract L-1, Parcel 4)
  - f) Encroachment of 6' chain link fence in Northwesterly corner of caption property;

- g) Concrete sidewalks and curbing lie within 10' utility easement (PB 80/24 and PB 118, Pages 14 through 21, inclusive; 10' FPL Easement (ORB 10541Pg 516); 10' FPL Easement (ORB 12395, Pg 1689) and into 5' limited access easement (PB 118, Pages 14 through 21, inclusive)
- h) FP&L pad lies outside of easement area along West Boundary line of that portion of caption premises lying South of Tract L-1 Water Management Tract;
- i) Encroachment of sidewalk into 10' FP&L Easement (ORB 11869, PG 1);
- j) Sidewalks, curbs, gutters, pavement and signage lie within Palm Beach County Utility Easement (ORB 12340, PG 1641); and
- k) Gate Arms, curbing, sidewalks and light poles lie within 20' Palm Beach County Drainage Easement (ORB 23181, PG 712);
- 46. Mortgage, in favor of the United States of America, acting by and through the Secretary of Housing and Urban Development, dated September 11, 1997 and recorded in Official Records Book 9984, Page 76, together with Capital Advance Program Regulatory Agreement, recorded in Official Records Book 9984, Page 86, and Capital Advance Program Use Agreement, recorded in Official Records book 9984, Page 93. (as to Parcel 4, Weinberg Parcel).
- 47. Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, in favor of Wachovia Bank, N.A., dated September 1, 1999 and recorded in Official Records Book 11362, Page 234, as amended by First Amendment to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, recorded in Official Records Book 23583, Page 643, and Second Amendment to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, recorded in Official Records Book 24342, Page 180, together with UCC Financing Statement in favor of Wachovia Bank, recorded in Official Records Book 11362, Page 255, (as to Parcel 4, Hillel Parcel)
- 49. Second Mortgage and Assignment of Rents and Leases, in favor of Wells Fargo Bank, National Association, dated August 31, 2011, in Official Records Book 24755, Page 1508, together with UCC Financing Statement, recorded in Official Records Book 24755, Page 1525. (as to Parcel 4, Hillel Parcel).
- 50. Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (Florida), in favor of CitiBank, N.A., dated January 1, 2012 in Official Records Book 24982, Page 411, together with Use Agreement, recorded in Official Records Book 24982, Page 471, UCC Financing Statement, in favor of CitiBank, N.A., recorded in Official Records Book 25001, Page 1962, UCC Financing Statement in favor of Secretary of Housing and Urban Development of Washington D.C., recorded in Official Records Book 25037, Page 981. (as to Parcel 4, Gould Parcel).
- 51. Temporary Construction Easement Agreement by and between Jewish Community Facilities Corporation, a Florida non-profit corporation and Federation CCRC Operations Corp., a Florida non-profit corporation f/k/a Federation CCRC Property Corp., a Florida non-profit corporation dated May, 2014 and recorded on or about May 21, 2014 in Official Records of Palm Beach County, Florida. (as to Easement Parcel 4)

**EXHIBIT B  
FORM OF REQUISITION FROM  
REPAIR AND REPLACEMENT FUND**

**REQUISITION NO. \_\_\_\_\_**

To: U.S. Bank National Association, as Master Trustee  
225 E. Robinson Street, Suite 250  
Orlando, Florida 32801  
Attention: Corporate Trust Services  
Facsimile: (407) 835-3814

Pursuant to the Master Trust Indenture dated as of May 1, 2014 (the "Master Indenture") by and between Federation CCRC Operations Corp. (the "Obligated Group Representative") and U.S. Bank National Association, as master trustee (the "Master Trustee"), the undersigned Obligated Group Representative hereby requests and authorizes the Master Trustee to pay to the person(s) listed on the Disbursement Schedule attached hereto out of the moneys on deposit in the Repair and Replacement Fund created by the Master Indenture the aggregate sum of \$ \_\_\_\_\_ for advances, payments and expenditures made or incurred by the Obligated Group in connection with the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned hereby certifies that: (1) each item for which disbursement is requested hereunder is properly payable out of the Repair and Replacement Fund in accordance with the terms and conditions of the Master Indenture and none of those items has formed the basis for any disbursement heretofore made from the Repair and Replacement Fund; (2) each such item is or was a necessary expenditure permitted under Sections 3.02 and 4.06 of the Master Indenture or an Expense; (3) this statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Master Trustee for its actions taken pursuant hereto; and (4) this statement constitutes the approval of the Obligated Group of each disbursement hereby requested and authorized.

Dated: \_\_\_\_\_, 20\_\_.

FEDERATION CCRC OPERATIONS CORP., as  
Obligated Group Representative

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DISBURSEMENT SCHEDULE  
FOR REQUISITION NO. \_\_\_\_\_  
FROM THE REPAIR AND REPLACEMENT FUND**

<b>Name and Address of Payee:</b>	_____
	_____
	_____
	_____
<b>Description of Component:</b>	_____
	_____
	_____
<b>Describe Nature of Obligation:</b>	_____
	_____
	_____
<b>Amount to be Paid to Payee:</b>	\$ _____
<b>Attach:</b>	Invoice Supporting Payment Applicable Lien Waiver

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**FEDERATION CCRC OPERATIONS CORP.,**  
as an Obligated Group Member and as the Obligated Group Representative

**AND**

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

**SUPPLEMENTAL INDENTURE NUMBER 3**

Dated as of September 1, 2020

Relating to  
Palm Beach County Health Facilities Authority  
Revenue Bonds  
(Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion)  
Series 2020

Consisting of:

\$ \_\_\_\_\_ Series 2020A  
\$ \_\_\_\_\_ Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020B-1  
\$ \_\_\_\_\_ Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020B-2  
\$ \_\_\_\_\_ Entrance Fee Principal Redemption Bonds<sup>SM</sup> Series 2020C (Taxable)

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## EXHIBIT A – FORM OF SERIES 2020 OBLIGATIONS

### SUPPLEMENTAL INDENTURE NUMBER 3

**THIS SUPPLEMENTAL INDENTURE NUMBER 3** (this “Supplemental Indenture”), dated as of September 1, 2020, between **FEDERATION CCRC OPERATIONS CORP.**, as an Obligated Group Member and as the Obligated Group Representative (the “Obligated Group Representative”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America (the “Master Trustee”),

#### WITNESSETH:

**WHEREAS**, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture dated as of May 1, 2014 (the “Master Indenture”); and

**WHEREAS**, the Palm Beach County Health Facilities Authority (the “Issuer”) has contemporaneously herewith issued its (i) Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020A Bonds”), (ii) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-1 Bonds”), (iii) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-2 Bonds”), and (iv) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable) in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020C Bonds” and collectively, with the Series 2020A Bonds, the Series 2020B-1 Bonds and Series 2020B-2 Bonds, the “Series 2020 Bonds”) under an Indenture of Trust dated as of September 1, 2020 (the “Series 2020 Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (the “Series 2020 Bond Trustee”); and

**WHEREAS**, the Series 2020 Bonds are being issued to (i) finance the costs of acquiring, constructing and equipping of the expansion to the continuing care retirement community, known as Toby & Leon Cooperman Sinai Residences of Boca Raton (the “Project”), (ii) fund the applicable debt service reserve fund, (iii) fund applicable capitalized interest and (iv) pay a portion of the cost of issuance of the Series 2020 Bonds; and

**WHEREAS**, pursuant to the Loan Agreement dated as of September 1, 2020 (the “Series 2020 Loan Agreement”), between the Issuer and the Obligated Group Representative, the Obligated Group Representative has agreed to issue the Series 2020 Obligations (as hereinafter defined) created by this Supplemental Indenture to evidence the respective obligation of the Obligated Group Representative to make the payments required under the Series 2020 Loan Agreement with respect to the Series 2020A Bonds, the Series 2020B-1 Bonds and the Series 2020B-2 Bonds; and

**WHEREAS**, the Obligated Group Representative is authorized by law and by the Master Indenture, and deems it necessary and desirable, to issue and deliver the Series 2020 Obligations pursuant to the Master Indenture; and

**WHEREAS**, pursuant to the terms of the Master Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2020 Obligations; and

**WHEREAS**, all acts and things necessary to make the Series 2020 Obligations authorized by this Supplemental Indenture, when executed by the Obligated Group Representative for and on behalf of the Obligated Group and each Obligated Group Member and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Indenture, the valid, binding and legal obligation of each Obligated Group Member, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Indenture and the issuance hereunder and under the Master Indenture of the Series 2020 Obligations created by this Supplemental Indenture have in all respects been duly authorized, and the Obligated Group Representative, for and on behalf of the Obligated Group and each Obligated Group Member, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the Series 2020 Obligations created hereby;

#### NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2020 Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2020 Obligations created hereby by the holders thereof, the Obligated Group Representative, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

## ARTICLE I DEFINITION OF TERMS

**Section 1.01. Definitions.** The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below. Capitalized terms used in this Supplemental Indenture that are not defined as set forth below or as otherwise defined herein shall have the meanings assigned to them in the Master Indenture.

“Amendment to the Mortgage” means the Second Notice of Secured Additional Obligations and Spreader Agreement dated August 13, 2020, amending and supplementing the Mortgage.

“Bond Documents” means the Loan Agreement, the Series 2020 Bond Indenture, the Master Indenture, this Supplemental Indenture, the Series 2020 Obligations, and the Amendment to the Mortgage.

“Entrance Fee Unit” means the Independent Living Units that are part of the Project and are offered for occupancy on an Entrance Fee basis.

“Series 2014 Obligations” mean the Obligations issued under Supplement No. 1, to the extent such Obligations remain Outstanding.

“Series 2020 Obligations” means, collectively, the Series 2020A Obligation, the Series 2020B-1 Obligation, the Series 2020B-2 Obligation and the Series 2020C Obligation.

“Series 2020A Obligation” means the Obligation created by Article III hereof.

“Series 2020B-1 Obligation” means the Obligation created by Article IV hereof.

“Series 2020B-2 Obligation” means the Obligation created by Article V hereof.

“Series 2020C Obligation” means the Obligation created by Article VI hereof.

“Series 2020 Project” means the project financings by the Series 2020 Bonds.

“Supplement No. 1” means Supplemental Indenture No. 1 dated as of May 1, 2014, as the first supplemental indenture to the Master Indenture.

[End of Article I]

## ARTICLE II FUNDS

### Section 2.01. Entrance Fee Fund.

(a) The Entrance Fee Fund created under Supplement No. 1 is closed. The Master Trustee shall establish and maintain a new separate fund to be known as the “Entrance Fee Fund – Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion” (the “Entrance Fee Fund”). All moneys received by the Master Trustee and held in the Entrance Fee Fund pursuant to this Section 2.01 shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The investment of the moneys held in the Entrance Fee Fund shall be subject to yield restriction as provided in the Tax Agreement (as defined in the Series 2020 Loan Agreement) until the Obligated Group Representative delivers an opinion of nationally recognized municipal bond counsel (which counsel and opinion are in a form acceptable to the Master Trustee) to the Master Trustee to the effect that no such yield restriction is required to maintain any exemption from federal income taxation to which the interest on any Related Bonds would otherwise be entitled.

(b) The Members of the Obligated Group hereby agree that each portion of an Initial Entrance Fee received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof as follows:

(i) prior to the release described in subsection (d) below, each transfer shall also be accompanied by (A) a copy of the related entrance fee receipt forwarded to the Chapter 651 Entrance Fee Escrow Agent (an “Entrance Fee Receipt”), and (B) written directions from the Obligated Group Representative to the Master Trustee indicating the amount of such Initial Entrance Fee that is to be deposited to the Entrance Fee Fund (the “Discretionary Amount”) and the amount of such Initial Entrance Fee that is to be transferred to the Chapter 651 Entrance Fee Escrow Agent for deposit to the Entrance Fee Escrow Account (the “Escrowed Amount”), such Discretionary Amount shall be deposited and applied by the Master Trustee in accordance with subsection (c) below;

(ii) upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (d) below; and

(iii) after the release described in subsection (d) below, the Initial Entrance Fees received by the Master Trustee shall be deposited and applied in accordance with subsection (e) below.

The Master Trustee shall be entitled to conclusively rely on the determination of the Obligated Group Representative as to the allocation of the Initial Entrance Fee between the amounts to be deposited to the Entrance Fee Fund and the Entrance Fee Escrow Account and shall have no duty



or obligation to review or verify any of the information or calculations set forth in the Entrance Fee Receipt, except to confirm receipt of the amount set forth therein.

(c) The Discretionary Amount shall be deposited to the Entrance Fee Fund and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund and Entrance Fee Escrow Account. The Obligated Group Representative shall also provide a copy of such Officer's Certificate to the Chapter 651 Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST of this subsection (c), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 hereof, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers, shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (c), on each February 15, May 15, August 15 and November 15 (or, if such day is not a Business Day, then on the next succeeding Business Day) (each, an "Entrance Fee Transfer Date") any remaining amounts shall be transferred to Series 2020 Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 3.02 of the Series 2020 Bond Indenture to be applied as provided in Section 5.11 of the Series 2020 Bond Indenture.

After the transfers described above and in subsection (d) below have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(d) Once the Escrowed Amount, together with any other amount on deposit in the Entrance Fee Escrow Account, is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Chapter 651 Entrance Fee Escrow Agent to transfer the released amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Chapter 651 Entrance Fee Escrow Agent with a copy to the Master Trustee) and shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group

Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer's Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (d), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 hereof, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c) and (d), shall not exceed \$4,000,000.

THIRD: If no pending disbursement under FIRST or SECOND of this subsection (d), while any portion of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, amounts shall be transferred to the Series 2020 Bond to be transferred to the Series 2020 Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Series 2020 Bond Indenture to be applied as provided in Section 5.11 of the Series 2020 Bond Indenture.

After the transfers described above have been made, thereafter the Master Trustee shall review and apply the amount on deposit in the Entrance Fee Fund in accordance with subsection (e) below.

(e) After the release of Initial Entrance Fees by the Chapter 651 Entrance Fee Escrow Agent as described in subsection (d) above, all Initial Entrance Fees received by the Master Trustee will, subject to subsection (g) below, be deposited to the Entrance Fee Fund and on the first Business Day of each month thereafter (each, a "Review Date") the Master Trustee shall review the amount on deposit in the Entrance Fee Fund and shall apply moneys on deposit therein in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds within the next thirty (30) days, and the amount of such refunds to be funded from the Entrance Fee Fund. Such Officer's Certificate of the Obligated Group Representative shall be furnished to the Master Trustee at least one (1) Business Day before the Master Trustee is required to apply the funds.

SECOND: If no pending disbursement under FIRST of this subsection (e), to the Working Capital Fund, upon request of the Obligated Group Representative pursuant to Section 2.02 hereof, provided that the aggregate amount transferred to the Working Capital Fund, including all prior transfers under subsection (c), (d) and this subsection (e), shall not exceed \$4,000,000.

THIRD: After the transfers described in paragraphs FIRST and SECOND of this subsection (e) have been made, while any Series 2020B-1, Series 2020B-2 Bonds or Series 2020C Bonds remain Outstanding, on each Entrance Fee Transfer Date, the amount remaining shall be transferred to Series 2020 Bond Trustee for deposit to the Entrance Fee Redemption Account established under Section 3.02 of the Bond Indenture to be applied as provided in Section 5.11 of the Series 2020 Bond Indenture.

(f) Notwithstanding anything in the Master Indenture or this Supplemental Indenture to the contrary, on each Entrance Fee Transfer Date the Master Trustee shall transfer Initial Entrance Fees to the Series 2020 Bond Trustee to the Entrance Fee Redemption Account established under Section 3.02 of the Series 2020 Bond Indenture to be applied as provided in Section 5.11 of the Series 2020 Bond Indenture, it being understood that redemption of the Series 2020B-1 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020B-2 Bonds are paid in full and that redemption of the Series 2020B-2 Bonds from funds in the Entrance Fee Redemption Account established under the Bond Indenture shall not begin until the Series 2020C Bonds are paid in full. Amounts transferred to the Series 2020 Bond Trustee pursuant to this Section 2.01 shall be free and clear of any lien of the Master Indenture upon such transfer.

(g) After all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and Series 2020C Bonds have been redeemed or otherwise paid in full (as evidenced by written confirmation from the Series 2020 Bond Trustee delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

#### **Section 2.02. Working Capital Fund.**

The Working Capital Fund created under Supplement No. 1 has been closed in accordance with the terms of Supplement No. 1. The Master Trustee shall establish and maintain a new separate fund to be known as the "Working Capital Fund - Sinai Residences of Boca Raton" (the "Working Capital Fund"). All moneys held in the Working Capital Fund shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The Working Capital Fund shall be funded as provided in Section 2.01 hereof and as provided below.

Moneys in the Working Capital Fund shall be requested to be deposited from the Entrance Fee Fund under Section 2.01 hereof and disbursed by the Master Trustee under this Section 2.02 to or for the account of the Obligated Group Representative, up to an aggregate amount of \$4,000,000, upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative to the effect that such moneys will be used to pay (A) costs of completing the Series 2020 Project, (B) operating expenses of the Project, including, but not limited to, any development and marketing fees, (C) the costs of needed repairs to the Project, (D) the costs of capital

improvements to the Project, (E) judgments against the Obligated Group, (F) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (G) amounts due on any Indebtedness of the Obligated Group (excluding Subordinated Indebtedness), including without limitation, the Series 2014 Obligations and the Series 2020 Obligations, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use.

Upon receipt of such Officer's Certificate, the Master Trustee shall transfer to the Working Capital Fund from the Entrance Fee Fund in accordance with and subject to the limitations provided in Section 2.01 hereof the amount requested and shall then disburse from the Working Capital Fund within seven (7) days the amount requested, to the extent of availability of funds in the Working Capital Fund.

After all of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed. Amounts so transferred may be used by the Obligated Group to make Affiliate Payments pursuant to Section 3.07 of the Master Indenture.

#### **Section 2.03. Delivery of Amendment to the Mortgage.**

Contemporaneously with the execution and delivery of the 2020 Obligations, the Obligated Group Representative shall execute and deliver the Amendment to Mortgage to the Master Trustee.

#### **Section 2.04. [Reserved]**

#### **Section 2.05. [Reserved]**

#### **Section 2.06. Investment of Funds.**

(a) Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Supplemental Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to rely). If the Obligated Group Representative does not provide investment instructions, the Master Trustee shall invest such monies in the investments described in clause (i) in the definition of Permitted Investments in the Master Indenture. Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee at such times as it is anticipated that moneys from the particular fund will be required for the purposes of this Supplemental Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the Obligated Group is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective Affiliates.

(b) The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this

Supplemental Indenture. The Master Trustee shall make copies of such records available to the Obligated Group, upon its reasonable written request.

**Section 2.07. Allocation and Transfers of Investment Income.**

Any investment earnings in the Entrance Fee Fund shall be retained in the Entrance Fee Fund and any investment earnings in the Working Capital Fund shall be retained in the Working Capital Fund.

**Section 2.08. Master Trustee Relieved From Responsibility.**

The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, and shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

[End of Article II]

**ARTICLE III  
SERIES 2020A OBLIGATION**

**Section 3.01. Series 2020A Obligation.**

There is hereby created as an Obligation under the Master Indenture a promissory note to be known and entitled "Federation CCRC Operations Corp. Series 2020A Obligation" (the "Series 2020A Obligation"). The Series 2020A Obligation, in the principal amount of \$ \_\_\_\_\_, shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

**Section 3.02. Form of Series 2020A Obligation.**

The Series 2020A Obligation created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated September \_\_, 2020, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2020A Obligation, payable on the first day of each June and December in each year, and shall be substantially in the form attached as Exhibit A hereto.

**Section 3.03. Prepayment of Series 2020A Obligation.**

The Series 2020A Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part on \_\_\_\_\_ 1, 20\_\_ or on any date thereafter, at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Series 2020 Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2020A Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Bond Indenture, and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2020 Loan Agreement, and all fees, costs and expenses of the Master Trustee and the Series 2020 Bond Trustee, accrued and to be accrued to the date of discharge of the Bond Indenture with respect to such Series 2020A Bonds. Any prepayment of the principal of the Series 2020A Obligation shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2020A Bonds redeemed with the proceeds of such prepayment.

**Section 3.04. Additional Prepayment of Series 2020A Obligation.**

The Series 2020A Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture. The Series 2020A Obligation is also subject to prepayment (optional and mandatory) at the times and under the same conditions as set forth in Article V of the Series 2020 Bond Indenture with respect to the Series 2020A Bonds.

### **Section 3.05. Credit on Series 2020A Obligation.**

If the Obligated Group Representative (i) shall have elected to apply the Series 2020A Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Series 2020 Bond Trustee for cancellation by the Series 2020 Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, (ii) shall have delivered written notice to the Issuer and a copy thereof to the Series 2020 Bond Trustee in accordance with the provisions of Section 5.02 of the Bond Indenture, and (iii) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2020A Bonds thus applied, then the Series 2020 Bond Trustee shall promptly notify the Master Trustee, whereupon the Corporation and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2020A Obligation on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2020A Bonds have been applied, and the principal amount of the Series 2020A Obligation created hereby due on such date will be reduced accordingly.

### **Section 3.06. Effect of Prepayment of Series 2020A Obligation.**

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2020 Loan Agreement, the Series 2020A Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2020A Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2020A Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

### **Section 3.07. Partial Prepayment of Series 2020A Obligation.**

In the event of a partial redemption of the Series 2020A Obligation created hereby pursuant to Section 3.01 hereof, the amount of installments of such Series 2020A Obligation coming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2020A Obligation shall have been paid in full.

[End of Article IV]

## **ARTICLE IV SERIES 2020B-1 OBLIGATION**

### **Section 4.01. Series 2020B-1 Obligation.**

There is hereby created as an Obligation under the Master Indenture a promissory note to be known and entitled "Federation CCRC Operations Corp., Series 2020B-1 Obligation" (the "Series 2020B-1 Obligation"). The Series 2020B-1 Obligation, in the principal amount of \$ \_\_\_\_\_, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

### **Section 4.02. Form of Series 2020B-1 Obligation.**

The Series 2020B-1 Obligation created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated September \_\_, 2020, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2020B-1 Obligation, payable on the first day of each June and December in each year, and shall be substantially in the form attached as Exhibit A hereto.

### **Section 4.03. Prepayment of Series 2020B-1 Obligation.**

The Series 2020B-1 Obligation shall be subject to prepayment on an Entrance Fee Transfer Date as provided in Section 2.01 hereof. No prepayment of the Series 2020B-1 Obligation and the Series 2020B-1 Bonds shall occur until the Series 2020B-2 Obligation and the Series 2020B-2 Bonds have been paid in full.

### **Section 4.04. Additional Prepayment of Series 2020B-1 Obligation.**

The Series 2020B-1 Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture. The Series 2020B-1 Obligation shall also be subject to prepayment on an Entrance Fee Redemption Date (as defined in the Series 2020 Loan Agreement) following an Entrance Fee Transfer Date as provided in Section 2.01 hereof.

### **Section 4.05. [Reserved]**

### **Section 4.06. Effect of Prepayment of Series 2020B-1 Obligation.**

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2020 Loan Agreement, the Series 2020B-1 Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2020B-1 Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption)

interest on the Series 2020B-1 Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

**Section 4.07. Partial Prepayment of Series 2020B-1 Obligation.**

In the event of a partial redemption of the Series 2020B-1 Obligation created hereby pursuant to Section 4.01 hereof, the amount of installments of such Series 2020B-1 Obligation coming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2020B-1 Obligation shall have been paid in full.

[End of Article IV]

**ARTICLE V  
SERIES 2020B-2 OBLIGATION**

**Section 5.01. Series 2020B-2 Obligation.**

There is hereby created as an Obligation under the Master Indenture a promissory note to be known and entitled "Federation CCRC Operations Corp., Series 2020B-2 Obligation" (the "Series 2020B-2 Obligation"). The Series 2020B-2 Obligation, in the principal amount of \$ \_\_\_\_\_, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

**Section 5.02. Form of Series 2020B-2 Obligation.**

The Series 2020B-2 Obligation created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated September \_\_, 2020, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2020B-2 Obligation, payable on the first day of each June and December in each year, and shall be substantially in the form attached as Exhibit A hereto.

**Section 5.03. Prepayment of Series 2020B-2 Obligation.**

The Series 2020B-2 Obligation shall be subject to prepayment on an Entrance Fee Transfer Date as provided in Section 2.01 hereof.

**Section 5.04. Additional Prepayment of Series 2020B-2 Obligation.**

The Series 2020B-2 Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture. The Series 2020B-2 Obligation shall also be subject to prepayment on an Entrance Fee Redemption Date (as defined in the Series 2020 Loan Agreement) following an Entrance Fee Transfer Date as provided in Section 2.01 hereof.

**Section 5.05. [Reserved]**

**Section 5.06. Effect of Prepayment of Series 2020B-2 Obligation.**

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2020 Loan Agreement, the Series 2020B-2 Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2020B-2 Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2020B-2 Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

**Section 5.07. Partial Prepayment of Series 2020B-2 Obligation.**

In the event of a partial redemption of the Series 2020B-2 Obligation created hereby pursuant to Section 5.01 hereof, the amount of installments of such Series 2020B-2 Obligation coming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2020B-2 Obligation shall have been paid in full.

[End of Article V]

**ARTICLE VI  
SERIES 2020C OBLIGATION**

**Section 6.01. Series 2020C Obligation.**

There is hereby created as an Obligation under the Master Indenture a promissory note to be known and entitled "Federation CCRC Operations Corp., Series 2020C Obligation" (the "Series 2020C Obligation"). The Series 2020C Obligation, in the principal amount of \$ \_\_\_\_\_, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

**Section 6.02. Form of Series 2020C Obligation.**

The Series 2020C Obligation created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated September \_\_, 2020, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2020C Obligation, payable on the first day of each June and December in each year, and shall be substantially in the form attached as Exhibit A hereto.

**Section 6.03. Prepayment of Series 2020C Obligation.**

The Series 2020C Obligation shall be subject to prepayment on an Entrance Fee Transfer Date as provided in Section 2.01 hereof.

**Section 6.04. Additional Prepayment of Series 2020C Obligation.**

The Series 2020C Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture. The Series 2020C Obligation shall also be subject to prepayment on an Entrance Fee Redemption Date (as defined in the Series 2020 Loan Agreement) following an Entrance Fee Transfer Date as provided in Section 2.01 hereof.

**Section 6.05. [Reserved]**

**Section 6.06. Effect of Prepayment of Series 2020C Obligation.**

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2020 Loan Agreement, the Series 2020C Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2020C Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2020C Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

**Section 6.07. Partial Prepayment of Series 2020C Obligation.**

In the event of a partial redemption of the Series 2020C Obligation created hereby pursuant to Section 5.01 hereof, the amount of installments of such Series 2020C Obligation coming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2020C Obligation shall have been paid in full.

[End of Article VI]

**ARTICLE VII  
PLACE OF PAYMENTS**

**Section 7.01. Place of Payment.**

The place of payment for the Series 2020 Obligations shall be the Fort Lauderdale, Florida, designated corporate trust office of U.S. Bank National Association.

[End of Article VI]

**ARTICLE VIII  
ADDITIONAL COVENANTS FOR SERIES 2020 OBLIGATIONS**

**Section 8.01. Marketing Covenant.** Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2020 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy of the Series 2020 Project, the Obligated Group will use its best efforts to maintain the percentage of Independent Living Units that are part of the Series 2020 Project (the “2020 Independent Living Units”) which are Reserved (the “Percentage of Reserved Independent Living Units”) at or above the applicable levels set forth below, which determinations shall be measured as of the last day of the applicable quarter (the “Marketing Requirements”). The applicable Marketing Requirements for the 2020 Independent Living Units shall be as follows:

Marketing Requirements		
Quarter Ending	#Units	Percent
February 28, 2021	67	60.4%
May 31, 2021	69	62.2
August 31, 2021	71	64.0
November 30, 2021	73	65.8
February 28, 2022	75	67.6
May 31, 2022	77	69.4
August 31, 2022	80	72.1
November 30, 2022	84	75.7
February 28, 2023	88	79.3
May 31, 2023	92	82.9
August 31, 2023	96	86.5
November 30, 2023	99	89.2
February 29, 2024 and thereafter	100	90.1

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Corporation is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report (a “Management Marketing Report”) that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of 2020 Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of the number of reservations of 2020 Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Reserved Independent Living units is less than the Marketing Requirement for two successive fiscal quarters, the Corporation is required to retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything herein to the contrary, Life Care Services

LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Consultant’s report and adopting a plan and follows each recommendation contained in such Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

**Section 8.02. Occupancy Covenant.** The Obligated Group covenants that for each fiscal quarter (a) commencing with the first fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing 2020 Independent Living Units, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all 2020 Independent Living Units (the “Percentage of Units Occupied”) at or above the requirements set forth below, which levels shall be measured as of the last day of the applicable Occupancy Quarter (the “Occupancy Requirements”):

Occupancy Quarter	Occupancy Requirements	
	#Units	Percent
1	32	28.8%
2	50	45.0
3	65	58.6
4	75	67.6
5	80	72.1
6	85	76.6
7	90	81.1
8	92	82.9
9	93	83.8
10	94	84.7
11	95	85.6
12	96	86.5
13	97	87.4
14	98	88.3
15	99	89.2
16 and thereafter	100	90.1

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Corporation is required to submit to



the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a "Management Occupancy Report") that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of 2020 Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Corporation, of the number of 2020 Independent Living Units expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Corporation.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Corporation is required to retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Corporation is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

[End of Article VII]

## ARTICLE IX AMENDMENTS TO MASTER INDENTURE

### Section 9.01. Amendment to Section 1.01.

The definitions of "Manager," "Marketing Consultant," "Maximum Annual Debt Service Requirement," "Project," "Revenues" and "Stable Occupancy" contained in Section 1.01 of the Master Indenture are hereby amended in their entirety and new definitions of "2020 Construction Monitor," "Series 2020 Bonds," "Series 2020 Project" and "Supplement No. 3" are added to read as follows:

"2020 Construction Monitor" means Alcala Construction Management, Inc., and its successors and assigns.

"Manager" shall initially mean Life Care Services LLC and any individual, group of individuals or entity succeeding to its responsibilities in regard to the Project (including the Series 2020 Project).

"Marketing Consultant" shall initially mean Life Care Services, Inc. and any entity succeeding to its responsibilities in regard to the Project or the Series 2020 Project, as applicable.

"Maximum Annual Debt Service Requirement" means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year; provided that, for purposes of determining the Maximum Annual Debt Service Requirement, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt, provided, further, that for purposes of determining the Debt Service Requirements for variable rate debt for which a Credit Facility is provided, if the reimbursement agreement for such Credit Facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt. For the purpose of determining the interest rate on any Long-Term Indebtedness which bears interest at a variable rate, (1) such interest rate shall be assumed in accordance with Section 4.18(a) hereof, plus Credit Facility and remarketing fees; or (2) for the purpose of any historical Maximum Annual Debt Service Requirement, the actual interest paid for the period of determination.

"Project" means the Toby and Leon Cooperman Sinai Residences of Boca Raton, a continuing care retirement community consisting of (a) the Premises, (b) the 234 independent living units, 48 assisted living units, 24 memory-support units and 60 skilled nursing beds, and related common areas, (c) necessary or useful furnishings, equipment and machinery, and (d) such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation facilities. Additionally, the term "Project" shall include Capital Additions, such as the Series 2020 Project, as the context requires, however, in instances where such term is used in connection with covenants or financial calculations, the inclusion of such

Capital Addition shall be subject to the provisions set forth in a Supplemental Indenture addressing such Capital Addition or as otherwise provided herein.

“Revenues” means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) net patient service revenues and resident service revenues plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain from the extinguishment of debt or other extraordinary item, earnings which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness, but including investment income), plus (iv) Unrestricted Contributions, plus (v) Entrance Fees (other than Initial Entrance Fees required to be transferred to a Related Bond Trustee to pay Related Bonds) received minus (A) Entrance Fees amortized during such Fiscal Year and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative investments, (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write up of fixed or capital assets, (iv) any revenues recognized from deferred revenues related to Entrance Fees and (v) insurance (other than business interruption) and condemnation proceeds; provided, however, that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Member and any other Member. For purposes of calculations under the Master Indenture, (i) an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation and (ii) any withdrawal from the Working Capital Fund or the Coverage Support Fund created under the Related Indenture for the Series 2020 Obligations shall be included in the calculation of Revenues if such withdrawal is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Series 2020 Bonds” means collectively, the (i) Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A in the aggregate principal amount of \$\_\_\_\_\_, (ii) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 in the aggregate principal amount of \$\_\_\_\_\_, (iii) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_, and (iv) Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C in the aggregate principal amount of \$\_\_\_\_\_, all issued by the Palm Beach County Health Facilities Authority.

“Series 2020 Project” means the Capital Additions financed by the Series 2020 Bonds, including 111 Independent Living Units (the “2020 Independent Living Units”) and related facilities.

“Stable Occupancy” means, (1) with respect to the Series 2020 Project, the first full month following the first full Fiscal Year in which all these conditions have been met: (a) the aggregate average annual occupancy of the 2020 Independent Living Units is equal to or greater than 85%, and (b) all the Series 2020B-1 Bonds and the Series 2020B-2 Bonds have been paid in full, and are no longer outstanding; and (2) with respect to any other Capital Addition that includes independent living, personal care or skilled nursing facilities, the date on which such Capital Addition first achieves the forecasted long-term occupancy level for the Capital Addition, as determined by a Consultant.

“Supplement No. 3” means Supplemental Indenture No. 3 dated as of September 1, 2020 providing for the issuance of the Series 2020 Obligations to secure the Series 2020 Bonds and finance the Series 2020 Project.

#### **Section 9.02. Amendment to Section 3.07.**

Section 3.07 of the Master Indenture is hereby amended in its entirety to read as follows:

#### **Section 3.07 Affiliate Payments/Affiliate Subordinated Indebtedness.**

(a) A Member of the Obligated Group will not make Affiliate Payments or payments on Affiliate Subordinated Indebtedness, unless the following conditions are satisfied: (i) the Debt Service Coverage Ratio will not be less than 1.20 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (ii) the Debt Service Reserve Fund and the Minimum Liquid Reserve Accounts are funded at their required levels; (iii) after the proposed payment the Days’ Cash on Hand will not be less than the Liquidity Requirement based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iv) the Obligated Group is then in compliance with Chapter 651, Florida Statutes, as amended; and (v) no Event of Default has occurred and is continuing under this Master Indenture.

(b) All Affiliate Payments shall be subordinated to all payments due on any Obligations Outstanding.

(c) Notwithstanding the requirements set forth in 3.07(a) above, the Obligated Group may make Affiliate Payments and payments on Affiliate Subordinated Indebtedness to the extent of any moneys remaining in the Working Capital Fund and transferred to the Obligated Group pursuant to Section 2.02 of Supplement No. 3.

### Section 9.03.Amendment to Section 4.11.

Section 4.11 of the Master Indenture is hereby amended in its entirety to read as follows:

#### Section 4.11 Debt Service Coverage Ratio Covenant.

(a) Each Member covenants and agrees to operate all of its Facilities on a revenue producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

The Members covenant and agree that the Obligated Group Representative will calculate the Debt Service Coverage Ratio of the Obligated Group (i) for each fiscal quarter, commencing with the fiscal quarter ending August 31, 2020, based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, based on audited financial statements, commencing with the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under Section 4.15. Notwithstanding the foregoing, the debt service for the Series 2020 Bonds and Series 2020 Obligations shall not be included in the foregoing calculation until the earlier of (i) the fiscal quarter following the Stable Occupancy of the Series 2020 Project and (ii) the fiscal quarter ending August 31, 2026 (the "Series 2020 Project Debt Service Coverage Inclusion Date"). For avoidance of doubt, calculations made as of the end of each fiscal quarter are for reporting purposes only and are not testing dates for compliance with the Debt Service Coverage Ratio covenant.

(b) If the Debt Service Coverage Ratio of the Obligated Group for the calculation date as of the end of any Fiscal Year is less than 1.20, the Obligated Group Representative, at the Obligated Group's expense, shall retain a Consultant within 30 days following the calculation described herein to make recommendations with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Debt Service Coverage Ratio to at least 1.20 for the following Fiscal Year. Notwithstanding anything herein to the contrary, Life

Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein.

(c) Within 60 days of retaining any such Consultant, the Obligated Group Representative shall cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. This Section shall not be construed to prohibit any Member from serving indigent patients to the extent required for such Member to continue its qualification as a Tax Exempt Organization or from serving any other class or classes of patients without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section.

(d) If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20 for a Fiscal Year but did achieve a Debt Service Coverage Ratio of at least 1.00 in the immediately preceding Fiscal Year or such calculation was not required, such failure shall not constitute an event of default under the Master Indenture if (i) the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and (ii) follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. Failure by the Obligated Group to comply with (i) or (ii) of the preceding sentence may become an Event of Default, with the giving of notice pursuant to Section 7.01(b).

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 at the end of any Fiscal Year, such failure shall constitute an Event of Default under this Master Indenture if the Obligated Group also has Days Cash on Hand below 150 at such time; otherwise it will be an Event of Default under this Master Indenture only if the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 for two successive Fiscal Years.

(e) Notwithstanding any other provisions of this Master Indenture, in the event that any Obligated Group Member incurs any Additional Indebtedness for any Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with this Section 4.11 until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such Capital Addition set forth in the Consultant's report described in paragraph (A) below, or (ii) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled

nursing facilities, the first full Fiscal Year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness, if the following conditions are met:

(A) There is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for the first full Fiscal Year following the later of (1) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (2) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled nursing facilities, the first full Fiscal Year following the year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided further, however, that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that state or federal laws or regulations or administrative interpretations of such laws or regulations then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio then permitted by such laws or regulations but in no event less than 1.00:1; provided further, however, that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this paragraph (A); and

(B) there is delivered to the Master Trustee an Officer's Certificate on the date on which financial statements are required to be delivered to the Master Trustee pursuant to Section 4.15 hereof until the first Fiscal Year in which the exclusion from the calculation of the Debt Service Coverage Ratio no longer applies, calculating the Debt Service Coverage Ratio of the Obligated Group at the end of each Fiscal Year and demonstrating that such Debt Service Coverage Ratio is not less than 1.00:1, such Debt Service Coverage Ratio to be computed without taking into account (1) the Additional Indebtedness to be incurred if (x) the interest on such Additional Indebtedness during such period is funded from proceeds thereof or other funds of the Member then on hand and available therefor, and (y) no principal of such Additional Indebtedness is payable during such period (other than from the proceeds of Initial Entrance Fees), and (2) the Revenues to be derived from the Capital Addition to be financed from the proceeds of such Additional Indebtedness.

#### **Section 9.04. Amendment to Section 4.15.**

In order to (a) reflect the completion of the first phase of the Project as described in the Master Indenture, the redemption and payment of certain Obligations and the closure of certain Funds, the termination of the Liquidity Support Agreement, the issuance of the Series 2020 Bonds and the Series 2020 Obligations and the construction of the Series 2020 Project, and (b) clarify the reporting requirements for the Series 2014 Bonds, Section 4.15 of the Master Indenture is hereby amended in its entirety to read as follows:

#### **Section 4.15. Financial Statements, Etc.**

The Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with GAAP consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that GAAP would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with GAAP which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of this Section 4.15 so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Master Trustee with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the Accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection or pursuant to this Master Indenture. At least thirty (30) days prior to the first day of each Fiscal Year, the Obligated Group will prepare the Annual Budget for the following Fiscal Year, and amendments thereof within 30 days after board approval, copies of which shall be furnished to each Required Information Recipient. If the Obligated Group fails to prepare the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year will continue in effect until the Annual Budget is prepared for the remainder of the applicable Fiscal Year.

(a) The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient, the following:

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing 2020 Independent Living Units, (I) a calculation of the marketing levels for the Series 2020 Project as of the end of such month, including the number of 2020 Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) a copy of the report prepared by the Construction Monitor; (III) a report by the Obligated Group Representative on the progress of the construction by no later than the 15th day of each month, showing the dollar amount and percentage of completion for each stage of construction of the Series 2020 Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Series 2020 Project, and certifying that the amount available in the Construction Fund for the Series 2020 Project, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Series 2020 Project; (IV) unaudited financial reports on the development costs of the Series 2020 Project incurred during that month and on an aggregate basis; (V) statements of the balances for each fund and account required to be established hereunder, under Supplement No. 3, or under the Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VI) if such month is the last month of the fiscal quarter, a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Days' Cash on Hand and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(B) After the issuance of a certificate of occupancy for the first building containing 2020 Independent Living Units, (I) a calculation of the marketing levels for the Series 2020 Project as of the end of such month, including the number of 2020 Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) occupancy levels of the 2020 Project as of the end of such month including the number of 2020 Independent Living Units that were occupied and vacated during that month and on an aggregate basis; (III) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Series 2020 Project; (IV) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Series 2020 Project; (V) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (VI) statements of the balances for each fund and account required to be established hereunder, under Supplement No. 3 or under the Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VII) a calculation of compliance with the Marketing Requirements and Occupancy Requirements, and a calculation of Days' Cash on Hand and Debt Service Coverage Ratio, for such fiscal quarter if required to be calculated

hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(C) The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i) after Stable Occupancy has been attained for the Series 2020 Project;

(ii) Quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, a payor mix for the Nursing Beds, occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units, Assisted Living Units and Nursing Beds and a calculation of compliance with the Days' Cash on Hand (if required for such period under Section 4.21 hereof), and Debt Service Coverage Ratio, hereof, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such financial statements and calculations shall be accompanied by a comparison to the Annual Budget provided pursuant to this Section; provided, however, that with respect to the foregoing, the Series 2020 Project need not be included in this quarterly report unless and until the reporting requirement in (i)(B) above shall have terminated;

(iii) If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in this Master Indenture, the Obligated Group will deliver the financial information and the calculations described in paragraph (ii) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement;

(iv) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for said Fiscal Year and the Days' Cash on Hand of the Obligated Group at the end of such Fiscal Year if required to be calculated by Sections 4.11 and 4.21 hereof, and a statement that such Accountant has no knowledge of any default under Sections 4.11 and 4.21 of this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and

the nature thereof; provided, however, that the report of the Accountant shall be subject to and restricted by any then current recommendations and/or pronouncements of the American Institute of Certified Public Accountants;

(v) On or before the date of delivery of the financial reports referred to in subsection (iv) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of this Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the marketing, occupancy, Days' Cash on Hand, and Debt Service Coverage Ratio, if required to be calculated for such Fiscal Year by Sections 4.11 or 4.21 hereof or Supplement No. 3, as of the end of such month or Fiscal Year, as appropriate, and (C) attaching (I) information about occupancy of the Independent Living Units, including a comparison to prior year's occupancy, (II) the sources of revenue for the Nursing Beds, (III) the turnover statistics with respect to the Independent Living Units, (IV) changes in any services offered to the residents of the Project, and (V) that the Project is in compliance with the requirements of Chapter 651, Florida Statutes, as amended; provided, however, that with respect to the foregoing, the Series 2020 Project need not be included in the information provided under (v)(C)(I) until the first Fiscal Year following Stable Occupancy for the Series 2020 Project;

(vi) On or before the date of delivery of the financial reports referred to in subsections (ii) and (iv) above, a management's discussion and analysis of results for the applicable fiscal period;

(vii) Subject to industry standards relating to the financing of facilities similar to the Project, the Obligated Group shall use its best efforts to make available one or more representatives reasonably acceptable to the Bondholders and the Master Trustee for a quarterly telephone conference call (or more frequently if requested by a majority of Bondholders) with the Bondholders and the Master Trustee to discuss the financial results of the preceding quarter and such other matters as are relevant or are reasonably requested by the Bondholders and the Master Trustee. The Obligated Group shall post notice of such calls to Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB") at least two weeks prior to the scheduled date of each call, but shall provide such notice the Master Trustee;

(viii) Any correspondence to or from the Internal Revenue Service concerning the status of any Obligated Group Member as a Tax Exempt Organization or with respect to the tax exempt status of any Series 2014 Bonds or Series 2020 Bonds, promptly upon receipt;

(ix) Such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of this Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers

relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee;

(x) [Reserved]

(xi) Within 30 days of any revision of the schedule of Entrance Fees or Monthly Service Fees being charged or quoted to residents or prospective residents of the Project, a report on the amounts of such revised Entrance Fees or Monthly Service Fees for each type of unit setting forth the reasons for such revision and, if applicable, the reason why any increases in such fees forecasted in the Feasibility Study have not been made; and

(xii) Notice within ten (10) Business Days of the occurrence of any of the material events required to be reported to the MSRB pursuant to any continuing disclosure undertaking or agreement.

(b) The Members also agree that, within 10 days after its receipt thereof, the Obligated Group Representative will file with the Master Trustee and each Required Information Recipient a copy of each Consultant's report or counsel's opinion required to be prepared under the terms of this Master Indenture.

(c) The Obligated Group Representative shall give prompt written notice of a change of Accountants by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the former Accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

(d) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and Accountants, all at such reasonable times and locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(e) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the "Interim Period") of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond

Trustee, as soon as practicable after they are available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by an Accountant selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a combined balance sheet as of the end of such Interim Period and a combined statement of changes in fund balances and changes in financial position for such Interim Period and a combined statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing a calculation of the Obligated Group's Debt Service Coverage Ratio for the Interim Period and a statement that such Accountant has obtained no knowledge of any default by any Member in the fulfillment of any of the terms, covenants, provisions or conditions of this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, they shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default).

(f) Delivery of such reports, information and documents described in this Section 4.15 to the Master Trustee is for informational purposes only, and the Master Trustee's receipt thereof shall not constitute notice to it of any information contained therein or determinable from information contained therein, including compliance by the Obligated Group or the Members with any of its or their covenants hereunder, as to which the Master Trustee is entitled to rely exclusively on Officer's Certificates.

#### **Section 9.05. Amendment to Section 4.21.**

Section 4.21 of the Master Indenture is hereby amended in its entirety to read as follows:

**Section 4.21 Liquidity Covenant.** The Obligated Group covenants that it will calculate the Days' Cash on Hand of the Obligated Group as of February 28 (or February 29 in a leap year) and August 31 of each Fiscal Year, commencing August 31, 2020 (each such date being a "Testing Date"). The Obligated Group shall deliver an Officer's Certificate setting forth such calculation as of February 28 (or February 29 in a leap year) to the Master Trustee not less than 45 days after such February 28 (or February 29 in a leap year), and include such calculation as of August 31 in the Officer's Certificate delivered pursuant to Section 4.15 hereof.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 150 Days' Cash on Hand on each Testing Date (the "Liquidity Requirement").

If the amount of Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement and the Obligated Group has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the Officer's Certificate delivered pursuant to Section

4.15 hereof, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. Notwithstanding anything herein to the contrary, Life Care Services LLC may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law.

Notwithstanding any other provision of this Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

#### **Section 9.06. Amendment to Section 4.25.**

Section 4.25 of the Master Indenture is hereby amended in its entirety to read as follows:

**Section 4.25. Management Company and Marketing Consultant.** The Obligated Group is required to engage a Manager and a Marketing Consultant (which may be the same firm and may be the Obligated Group or an Affiliate of the Obligated Group) at all times so long as any Obligation remains outstanding. Except as provided below, the Members of the Obligated Group shall be required to retain a new Manager or Marketing Consultant, as applicable and subject to applicable law, if:

- (i) the Obligated Group fails to make any payment on the Obligations when due; or
- (ii) an Event of Default has occurred and is continuing; or
- (iii) the Obligated Group fails to meet the required Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required as described above under Section 4.23 and such failure continues for two successive periods; or
- (iv) the Obligated Group fails to meet the required Marketing Requirements by the end of the second fiscal quarter following the date a report

and plan are required as described above under Section 4.22 and such failure continues for two successive periods.

Whenever the Obligated Group is required to retain a new Manager or Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Master Trustee, a list of two or more Persons experienced in the management, or marketing, as the case may be, of facilities of a type and size similar to the Project. If the Obligated Group is required to retain a new Manager or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and as approved by any applicable regulatory body. In the event that a new Manager or Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Manager or Marketing Consultant until the new Manager or Marketing Consultant has been employed for at least twelve months.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager or Marketing Consultant:

(i) a written report (prepared by a Consultant, but not by the Manager or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio Covenant, the Occupancy Requirement, the Liquidity Requirement, the Marketing Requirements, and/or the Cumulative Cash Operating Loss requirement is primarily due to factors outside the control of the present Manager or Marketing Consultant, or (b) that retaining a new Manager or Marketing Consultant is not likely to materially improve the Obligated Group's ability to comply with such requirements; and

(ii) a certificated copy of the Governing Body of each Member of the Obligated Group stating that the performance by the Manager or Marketing Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager or Marketing Consultant.

#### **Section 9.07. Amendment to Section 4.26.**

Section 4.26 of the Master Indenture is hereby amended in its entirety to read as follows:

**Section 4.26. Rating Application.** After the Series 2020 Project Debt Service Inclusion Date described in Section 4.11 above and for so long as either the Series 2014 Bonds or the Series 2020 Bonds remain outstanding, the Obligated

Group Representative covenants that it will seek at its expense a rating of Series 2014 Bonds and the Series 2020 Bonds from any Rating Agency each year after a determination is made by the Obligated Group Representative in consultation with the Initial Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligated Group Representative receives a preliminary indication from such Rating Agency that the Series 2014 Bonds or the Series 2020 Bonds will not be assigned an investment grade rating, the Obligated Group Representative shall withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014 Bonds and the Series 2020 Bonds. The foregoing covenant shall apply to all publicly offered Related Bonds secured by an Obligation issued under this Master Indenture unless otherwise provided in the Supplemental Indenture providing for the issuance of such Obligation.

#### **Section 9.08. Deletion of Section 4.27.**

Section 4.27 of the Master Indenture is hereby deleted in its entirety.

#### **Section 9.09. Amendment to Section 4.30.**

Section 4.30 of the Master Indenture is hereby amended in its entirety to read as follows:

**Section 4.30 Needs Assessment Analysis.** Commencing on August 31, 2021 and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five (5) Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Repair and Replacement Fund pursuant to Section 3.02 hereof. If pursuant to Chapter 651, Florida Statutes, the Obligated Group is no longer required to maintain the Renewal and Replacement Escrow Account constituting one of the Minimum Liquid Reserve Accounts established pursuant to Chapter 651, Florida Statutes, the Obligated Group shall promptly cause to be transferred to the Master Trustee any moneys on deposit therein for deposit into the Repair and Replacement Fund pursuant to Section 3.02 hereof and the Repair and Replacement Fund shall continue to be funded at the level required by the needs assessment analysis over the applicable five (5) Fiscal Year period (or such shorter period as set forth in the needs assessment analysis) described in the preceding sentence. The costs of the



needs assessment analysis may be paid from moneys on deposit in the Repair and Replacement Fund.

**Section 9.10. Amendment to Section 4.31.**

Section 4.31 of the Master Indenture is hereby amended in its entirety to read as follows:

**Section 4.31. Actuarial Study.** During the Fiscal Year ending August 31, 2020, and at least once every three Fiscal Years thereafter, the Obligated Group Representative, at the Obligated Group's expense, shall provide a summary of the actuarial study described below to each Member, each Required Information Recipient and the Bondholder Representative for the Series 2014D Bonds, which summary shall contain the key results and parameters of such report. The actuarial study shall be prepared by a Consultant and include (i) the amount, if any, of the Obligated Group's obligations to provide services under the Residency Agreements anticipated to be in excess of those that could be satisfied using the rates, fees and charges for the Project, as defined in the Related Loan Agreement then in effect, and (ii) recommendations, if any, with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to enable the Obligated Group to satisfy such obligations. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by applicable law.

**Section 9.11. Certain References in Master Indenture Ineffective.**

As of the date of this Supplemental Indenture, the Series 2014B Bonds, the Series 2014C Bonds, and the Series 2014D-2 Bonds (all as defined in the Master Indenture) have been paid and the Project financed by the Series 2014 Bonds has reached Stable Occupancy. All references in the Master Indenture relating to the Series 2014B Bonds, the Series 2014 C Bonds, or the Series 2014D-2 Bonds, are ineffective and shall be disregarded.

Additionally, all references in the Master Indenture to the Liquidity Support Agreement, the Liquidity Support Fund or the Series 2014D Liquidity Support Agreement are ineffective and shall be disregarded. The Project financed by the Series 2014 Bonds reached Stable Occupancy and, as a result, certain covenants with respect to the Project are no longer applicable. These covenants include the covenants set forth in Section 4.22 regarding marketing of the Project, Section 4.23 regarding occupancy of the Project and Section 4.24 regarding Cumulative Cash Operating Loss. References in the Master Indenture to these covenants including, in particular, references to Cumulative Cash Operating Loss, Occupancy Requirement, Marketing Requirement, as they relate or refer to the Project financed by the Series 2014 Bonds are ineffective and not applicable.

**Section 9.12. Other Provisions Unaffected and Remain in Full Force and Effect.**

Except as amended herein, the Master Indenture remains in full force and effect.

**Section 9.13. Effective Date of Amendments.**

The amendments made in this Article shall take effect upon the issuance of the Series 2020 Bonds and the Series 2020 Obligations, the purchasers and initial holders of which have consented to such amendments through the purchase of the Series 2020 Bonds and the acceptance of the Series 2020 Obligations.

[End of Article VIII]

**ARTICLE X  
MISCELLANEOUS**

**Section 10.01. Severability.**

If any provision of this Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplemental Indenture shall not affect the remaining portions of this Supplemental Indenture or any part thereof.

**Section 10.02. Other Provisions Related to Series 2020 Obligations.**

The references in Section 4.28 of the Master Indenture to the owners of the Series 2014A/B/C Bonds shall be deemed to include the owners of the Series 2020 Bonds such that information provided or access provided to the owners of the Series 2014 Bonds shall also be provided to the owners of the Series 2020 Bonds.

**Section 10.03. Counterparts.**

This Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

**Section 10.04. Governing Law.**

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

[End of Article IX]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

FEDERATION CCRC OPERATIONS  
CORP., as Obligated Group  
Representative, on behalf of the Obligated  
Group

By: \_\_\_\_\_  
Assistant Treasurer and Secretary

U.S. BANK NATIONAL ASSOCIATION,  
as Master Trustee

By: \_\_\_\_\_  
Assistant Vice President

STATE OF FLORIDA  
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me by means of \_\_\_ physical presence or \_\_\_ online notarization, this \_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_, who is the Assistant Treasurer and Secretary of Federation CCRC Operations Corp., a Florida nonprofit corporation, for and on behalf of said corporation. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Notary Public, State of Florida

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by means of \_\_\_ physical presence or \_\_\_ online notarization, this \_\_\_ day of \_\_\_\_\_, 2020, by \_\_\_\_\_, who is a Assistant Vice President of U.S. Bank National Association, a national banking association, for and on behalf of said organization. He/She is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Notary Public, State of Florida

**EXHIBIT A**

**FORM OF SERIES 2020 OBLIGATIONS**

**THIS OBLIGATION HAS NOT BEEN REGISTERED UNDER THE  
SECURITIES ACT OF 1933  
OR ANY STATE SECURITIES LAW**

**§ \_\_\_\_\_  
FEDERATION CCRC OPERATIONS CORP.  
SERIES 2020[A][B-1][B-2][C] OBLIGATION**

FEDERATION CCRC OPERATIONS CORP., as an obligated group member and the obligated group representative (the “Obligated Group Representative”), for value received, hereby promises to pay to the PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY, or registered assigns, at the designated corporate trust office of U.S. Bank National Association, as Bond Trustee (the “Series 2020 Bond Trustee”), the principal sum of \$ \_\_\_\_\_ [in installments on the 1<sup>st</sup> day of each June as set forth on Schedule A attached hereto and incorporated herein][as hereinafter provided], and to pay interest on the unpaid principal balance hereof on the 1st day of each June and December.

Principal of, premium, if any, and interest on this Obligation are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same with the Series 2020 Bond Trustee, at or prior to the opening of business on the date the same shall become due and payable, and by giving notice of payment to the Master Trustee, as herein defined, as provided in the Bond Indenture, as herein defined.

This Obligation is issued in the principal amount of \$ \_\_\_\_\_, is dated September \_\_, 2020 and is designated as the “Federation CCRC Operations Corp. Series 2020[A][B-1][B-2][C]Obligation” (the “Obligation”, and together with all other Obligations issued under the Master Indenture hereinafter defined, excluding any and all Subordinated Obligations, the “Obligations”) issued under and pursuant to Supplemental Indenture Number 3 dated as of September 1, 2020 (the “Supplemental Indenture”), supplementing and amending the Master Trust Indenture dated as of May 1, 2014 (the “Master Trust Indenture”), between the Obligated Group Representative and U.S. Bank National Association, as Master Trustee (the “Master Trustee”), and delivered pursuant to a Loan Agreement between the Palm Beach County Health Facilities Authority (the “Issuer”) and the Obligated Group, dated as of September 1, 2020 (the “Loan Agreement”). The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the “Master Indenture.” Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Obligation and all other Obligations.

This Obligation is issued for the purpose of securing the obligations of the Obligations Group under the Loan Agreement with respect to payment of the principal of, premium, if any, and interest on the Palm Beach County Health Facilities Authority [Revenue Bonds] [Entrance Fee Principal Redemption Bonds<sup>SM</sup>] (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) [Series] 2020[A][B-1][B-2][C (Taxable)](the “Series 2020[A][B-1][B-2][C]Bonds”). The Series 2020[A][B-1][B-2][C]Bonds are being issued under the laws of the State of Florida, including particularly the Chapters 154, Part III, and 159, Part II, Florida Statutes, as amended (the “Act”), and an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”), between the Issuer and the Series 2020 Bond Trustee, for the purpose of (i) financing a portion of the costs of acquiring, constructing and equipping of the expansion to the continuing care retirement community known as Toby & Leon Cooperman Sinai Residences of Boca Raton (the “Project”), (ii) funding a debt service reserve fund, (iii) funding capitalized interest and (iv) paying cost of issuance.

Concurrently with the issuance of this Obligation, the Obligated Group is issuing additional parity Obligations pursuant to the Master Indenture to be designated the Federation CCRC Operations Corp., Series 2020[A][B-1][B-2][C]Obligation, the Federation CCRC Operations Corp., Series 2020[A][B-1][B-2][C]Obligation and the Federation CCRC Operations Corp., Series 2020[A][B-1][B-2][C]Obligation (collectively, the “Other Obligations”). The Other Obligations are being issued for the purpose of securing the repayment obligations of the Obligated Group Representative with respect to the Palm Beach County Health Facilities Authority [Revenue Bonds] [Entrance Fee Principal Redemption Bonds<sup>SM</sup>] (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020[A][B-1][B-2][C (Taxable)], the Palm Beach County Health Facilities Authority [Revenue Bonds] [Entrance Fee Principal Redemption Bonds<sup>SM</sup>] (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020[A][B-1][B-2][C], and the Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) [Series] 2020[B-1][B-2][C], respectively (collectively, the “Other Bonds”). The Other Bonds are being issued under the laws of the State of Florida, including particularly the Act, for the purpose of (i) financing a portion of the cost of the Project, (ii) funding a debt service reserve fund, (iii) funding capitalized interest, and (iv) paying a portion of the cost of issuance.

Copies of the Master Indenture are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Obligation, the terms and conditions on which, and the purposes for which, this Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such

supplemental indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation. Any such consent by the holder of this Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation.

[Insert Redemption Provisions applicable to particular Series]

If this Obligation shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Indenture, interest on this Obligation shall cease to accrue from the date fixed for redemption, and from and after such date this Obligation shall be deemed not to be Outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect of this Obligation other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain “Events of Default”, as defined in the Master Indenture, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

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

This Obligation shall be registered on the register to be maintained by the Master Trustee and this Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation a new registered Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee, and any paying agent, shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation.

No covenant or agreement contained in this Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated

Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Obligation shall be liable personally on this Obligation or be subject to any personal liability or accountability by reason of the issuance of this Obligation.

This Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Obligation to be executed on behalf of the Obligated Group by the manual or facsimile signature of its [Title].

FEDERATION CCRC OPERATIONS  
CORP., as Obligated Group Representative

By: \_\_\_\_\_  
[Title]

[Form of Endorsement By Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Master Indenture.

FEDERATION CCRC OPERATIONS  
CORP., as Obligated Group Representative

By: \_\_\_\_\_  
[Title]

[Form of Master Trustee's Certificate of Authentication]

This Obligation is one of the Obligations referred to in the aforementioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION,  
as Master Trustee

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

Date of Authentication:

[Form of Schedule I]

Members of the Obligated Group

Name:

Federation CCRC Operations Corp.

Address for Notices

Federation CCRC Operations Corp.  
9901 Donna Klein Boulevard  
Boca Raton, Florida 33428  
Attention: President

(Form of Assignment to Series 2020 Bond Trustee)

Pay to the order of U.S. Bank National Association, as Bond Trustee for the owners of the Series 2020[A][B-1][B-2][C]Bonds hereinabove mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Obligation to a person or entity other than the Series 2020 Bond Trustee, and that the original principal amount thereof remains unpaid hereunder.

PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY

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

[Payment Date  
(June 1)]

[Schedule A]

[Installment]

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**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**

**TO**

**U.S. BANK NATIONAL ASSOCIATION,  
AS BOND TRUSTEE**

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**INDENTURE OF TRUST  
DATED AS OF SEPTEMBER 1, 2020**

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**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
REVENUE BONDS  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON  
EXPANSION)  
SERIES 2020**

**CONSISTING OF:**

**\$ \_\_\_\_\_ \$ \_\_\_\_\_ SERIES 2020A  
ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES  
2020B-1  
\$ \_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES  
2020B-2  
\$ \_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES 2020C  
(TAXABLE)**

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## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST** dated as of September 1, 2020, between the **PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**, or its successors or assigns, a public body corporate and politic duly organized and existing under the laws of the State of Florida (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and having a designated corporate trust office in Fort Lauderdale, Florida, as Bond Trustee, being authorized to accept and execute trusts of the character herein set out (in such capacity, together with any successor Bond Trustee, the “Bond Trustee”),

### WITNESSETH:

**WHEREAS**, Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State of Florida (the “Corporation”), has applied for the assistance of the Issuer in the financing of the costs of acquiring, constructing and equipping of the expansion of the continuing care retirement community known as the Toby & Leon Cooperman Sinai Residences of Boca Raton (as more particularly defined herein, the “Project”); and

**WHEREAS**, the financing of the Project will promote significant development of health care facilities in Palm Beach County, Florida; and

**WHEREAS**, the Issuer has authorized the issuance of its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A (the “Series 2020A Bonds”) in an aggregate principal amount of \$\_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-1 (the “Series 2020B-1 Bonds”) in an aggregate principal amount of \$\_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-2 Bonds”), and its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020C (Taxable) in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020C Bonds”) and, together with the Series 2020A Bonds, the Series 2020B-1 Bonds and the Series 2020B-2 Bonds, the “Series 2020 Bonds”), for the purposes described herein; and

**WHEREAS**, the Series 2020 Bonds are being issued to (i) finance the Project, (ii) fund the applicable debt service reserve fund, (iii) fund applicable capitalized interest, and (iv) pay the applicable costs of issuance of the Series 2020 Bonds; and

**WHEREAS**, the Issuer has duly entered into a Loan Agreement, dated as of September 1, 2020, with the Corporation (the “Agreement”) specifying the terms and conditions of a loan by the Issuer to the Corporation of the proceeds of the Series 2020 Bonds to provide for financing of the Project and of the payment by the Corporation to the Issuer of amounts sufficient for the payment of the principal of and interest on the Series 2020 Bonds and certain related expenses; and

**WHEREAS**, in order to provide for the authentication and delivery of the Series 2020 Bonds, to establish and declare the terms and conditions upon which the Series 2020 Bonds are

to be issued and secured and to secure the payment of the principal thereof and interest thereon, the Issuer has authorized the execution and delivery of this Indenture of Trust (hereinafter sometimes referred to as the "Bond Indenture"); and

**WHEREAS**, all acts and proceedings required by law necessary to make the Series 2020 Bonds, when executed by the Issuer, authenticated and delivered by the Bond Trustee and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Bond Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Bond Indenture have been in all respects duly authorized; and

**WHEREAS**, the Series 2020 Bonds, the Bond Trustee's Authentication Certificate and the Assignment are to be substantially in the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions, and insertions as permitted or required by this Bond Indenture; and

**WHEREAS**, all things necessary to make the Series 2020 Bonds, when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, binding, and legal obligations of the Issuer and to constitute this Bond Indenture a valid, binding, and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed.

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

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2020 Bonds by the Owners thereof and of the sum of One Dollar to it duly paid by the Bond Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Bond Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Bond Indenture and has granted, bargained, sold, warranted, alienated, remised, released, conveyed, assigned, pledged, set over, and confirmed, and by these presents does grant, bargain, sell, warrant, alien, remise, release, convey, assign, pledge, set over, and confirm unto the Bond Trustee forever, all and singular the following described property, franchises, and income:

1. All of the Issuer's right, title and interest in and to any Obligation delivered by the Corporation to the Issuer pursuant to the Agreement; and

2. All of the Issuer's right, title and interest in and to the Agreement (except for the rights of the Issuer to receive payments, if any, under Sections 5.7, 7.5, and 9.5 of the Agreement), together with all powers, privileges, options and other benefits of the Issuer contained in the Agreement; provided, however, that nothing in this clause shall impair, diminish or otherwise affect the Issuer's obligations under the Agreement or, except as otherwise provided in this Bond Indenture, impose any such obligations on the Bond Trustee; and

3. Amounts on deposit from time to time in the Bond Fund, Debt Service Reserve Fund, Construction Fund, and Coverage Support Fund, but excluding the Rebate Fund (all as defined in the Agreement), subject to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

4. Any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with the Bond Trustee as additional security by the Issuer or anyone on its part or with its written consent, or which pursuant to any of the provisions hereof or of the Agreement or any Obligation may come into the possession of or control of the Bond Trustee or a receiver appointed pursuant to Article VIII hereof, as such additional security; and the Bond Trustee is hereby authorized to receive any and all such property as and for additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms hereof.

**TO HAVE AND TO HOLD** the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in said trust and assigns forever;

**IN TRUST, NEVERTHELESS**, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of all Owners of the Bonds issued under and secured by this Bond Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds;

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

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

## ARTICLE I DEFINITIONS

Section 1.01. Definitions. All defined words and phrases used in this Bond Indenture shall have the meaning given and ascribed to such words and phrases in Article I of the Agreement. In addition, the following words and terms shall have the following meanings in this Bond Indenture unless the context otherwise requires:

“Senior Secured Bonds” means, collectively, any Bonds issued under this Bond Indenture which are secured by Obligations issued on a parity basis under the Master Indenture.

Section 1.02. Recital Incorporation. The recitals set forth in the beginning of this Bond Indenture are hereby incorporated herein.

[End of Article I]

## ARTICLE II AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 2.01. Authorized Amount of Series 2020 Bonds. No Series 2020 Bonds may be issued under this Bond Indenture except in accordance with this Article. The total original principal amount of Series 2020A Bonds that may be issued hereunder is hereby expressly limited to \$\_\_\_\_\_, the total original principal amount of Series 2020B-1 Bonds that may be issued hereunder is expressly limited to \$\_\_\_\_\_, the total original principal amount of Series 2020B-2 Bonds that may be issued hereunder is expressly limited to \$\_\_\_\_\_ and the total original principal amount of Series 2020C Bonds that may be issued hereunder is expressly limited to \$\_\_\_\_\_.

Section 2.02. All Bonds Equally and Ratably Secured; Bonds Not an Obligation of Issuer. All Bonds issued under this Bond Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien, and preference under and by virtue of this Bond Indenture, and shall all be equally and ratably secured hereby. The Bonds shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer.

### Section 2.03. Authorization of Series 2020 Bonds.

(a) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the “Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A.” The Series 2020A Bonds shall be numbered consecutively upward from RA-1.

(b) The Series 2020A Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2020A Bonds. The Series 2020A Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each June 1 and each December 1, beginning December 1, 2020, at the rates per annum and shall mature on June 1 in the years and principal amounts as follows:

Year	Amount	Interest Rate (%)
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(c) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the “Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1.” The Series 2020B-1 Bonds shall be numbered consecutively upward from RB1-1.

(d) The Series 2020B-1 Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2020B-1 Bonds. The Series 2020B-1 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each June 1 and each December 1, beginning December 1, 2020, at the rate per annum and shall mature on June 1 in the year and principal amount as follows:

Year	Amount	Interest Rate (%)
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(e) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the “Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2.” The Series 2020B-2 Bonds shall be numbered consecutively upward from RB2-1.

(f) The Series 2020B-2 Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2020B-2 Bonds. The Series 2020B-2 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each June 1 and each December 1, beginning December 1, 2020, at the rate per annum and shall mature on June 1 in the year and principal amount as follows:

Year	Amount	Interest Rate (%)
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(g) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the “Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable).” The Series 2020C Bonds shall be numbered consecutively upward from RC-1.

(h) The Series 2020C Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2020C Bonds. The Series 2020C Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each June 1 and each December 1, beginning December 1, 2020, at the rate per annum and shall mature on June 1 in the year and principal amount as follows:

Year	Amount	Interest Rate (%)
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(i) The Series 2020 Bonds shall be issued in Authorized Denominations and shall be dated the date of issuance. The Series 2020 Bonds are subject to prior redemption as herein set forth and shall be substantially in the form and tenor set forth in Exhibit A hereto, with appropriate variations, omissions, and insertions as are permitted or required by this Bond Indenture.

(j) The principal of, premium, if any, and interest on the Series 2020 Bonds shall be payable in lawful money of the United States of America at the Payment Office of the Bond Trustee, or at the designated corporate trust office of its successor, and if such Bonds are not then registered in the name of DTC or its nominee, upon presentation and surrender of the Series 2020 Bonds. Payment of interest on any Series 2020 Bond shall be made to the person who is the registered owner thereof at the close of business on the Regular Record Date for such Interest Payment Date by check mailed by the Bond Trustee on such Interest Payment Date to such registered owner at his or her address as it appears on the registration records kept by the Bond Trustee or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal, premium, if any, and interest on the Series 2020 Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of such Series 2020 Bond at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Series 2020 Bonds not less than ten days prior thereto by first class postage prepaid mail to each such registered owner as shown on the registration records, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed upon between the owners of any Series 2020 Bonds and the Bond Trustee. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on any Bonds that are subject to the book entry system as provided in Article II of this Bond Indenture shall be made in accordance with the rules, regulations and procedures established by the securities depository in connection with the book entry system.

Section 2.04. Execution of Bonds, Signatures. The Bonds shall be executed on behalf of the Issuer by its authorized signatory and its official seal shall be thereunto affixed and attested by an authorized signatory. The signatures of such authorized signatories and the seal of the Issuer may be in facsimile. In case any officer who shall have signed any of the Bonds shall cease to hold such office and any of such Bonds shall have been authenticated by the Bond Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Bond Trustee, and delivered, and may be sold by the Issuer, as though the person or persons who signed such Bonds had remained in office.

Section 2.05. Registration and Exchange of Bonds: Persons Treated as Owners. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Bond Indenture to be kept by the Bond Trustee which is hereby appointed the bond registrar of the Issuer for the Series 2020 Bonds. Upon surrender for transfer of any fully registered Bond at the Payment Office of the Bond Trustee, duly endorsed for transfer or accomplished by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of a like Aggregate Principal Amount for a like principal amount and maturity.

The Issuer shall execute and the Bond Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Issuer of any fully registered Bond of any denomination shall constitute full and due authorization of such denomination and the Bond Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Bond Trustee shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business fifteen days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Trustee shall require the payment by any Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.06. Lost, Stolen, Destroyed, and Mutilated Bonds. Upon receipt by the Bond Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction, or mutilation of any Bond and, in the case of a lost, stolen, or destroyed Bond, of indemnity satisfactory to it, and upon surrender and cancellation of the Bond if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond in lieu of such lost, stolen, destroyed, or mutilated Bond or (ii) if such lost, stolen, destroyed, or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Issuer may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Bond Trustee in connection with the issue of such new Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds, negotiable instruments, or other securities. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in

lieu of which such duplicate Bond was issued presents for payment such original Bond, the Corporation or the Bond Trustee shall be entitled to recover upon such new Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Bond Trustee in connection therewith.

Section 2.07. Delivery of Series 2020 Bonds. Upon the execution and delivery of this Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Series 2020 Bonds and deliver them to the initial purchasers thereof as directed by the Issuer and as hereinafter in this Section provided.

Prior to the delivery by the Bond Trustee of any of the Series 2020 Bonds there shall be filed with and delivered to the Bond Trustee at least:

(a) A Certified Resolution authorizing the execution and delivery of the Agreement and this Bond Indenture and the issuance of the Series 2020 Bonds.

(b) Original executed counterparts of the Agreement and this Bond Indenture, and copies of the Supplemental Indenture and the Master Indenture.

(c) The Series 2020 Obligations, duly executed and authenticated and duly assigned and payable to the Bond Trustee.

(d) A request and authorization to the Bond Trustee on behalf of the Issuer and signed by its authorized signatory to authenticate and deliver the Series 2020 Bonds to the purchasers therein identified upon payment to the Bond Trustee but for the account of the Issuer of a sum specified in such request and authorization, together with instructions as to the disposition of the proceeds of the Series 2020 Bonds.

(e) An Opinion of Counsel to the Issuer to the effect that the Series 2020 Bonds have been duly and validly authorized, issued and delivered and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, and that each of the instruments to which the Issuer is a party has been duly and validly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to customary qualifications on enforceability.

(f) An Opinion of Bond Counsel to the effect that the interest payable on the Tax Exempt Bonds is excludable from gross income for federal income tax purposes.

Section 2.08. Bond Trustee's Authentication Certificate. The Bond Trustee's authentication certificate upon the Bonds shall be substantially in the form and tenor set forth in Exhibit A hereto. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Bond Trustee; and such certificate of the Bond Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Bond Trustee's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized signatory of the

Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Issuance of Additional Bonds. Additional Bonds are hereby authorized to be issued hereunder for the purposes set forth in Section 4.1 of the Agreement. If the Corporation requests the issuance of any Additional Bonds, it shall file with the Issuer and the Bond Trustee a certificate specifying the amount of Additional Bonds to be issued and the purpose for such issuance.

Thereupon, the Issuer may request the authentication and delivery of such Additional Bonds; provided that the Corporation and the Issuer shall have entered into an amendment to the Agreement to provide, among other things, that the Project shall include the additional facilities, if any, being financed by the Additional Bonds, for delivery of Obligations entitled to the benefit and security of the Master Indenture in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due, for a deposit into a separate account in the Debt Service Reserve Fund relating to such Additional Bonds of additional Debt Service Reserve Fund Obligations which will equal the Debt Service Reserve Fund Requirement for such series of Additional Bonds and for such additional covenants and conditions as the Issuer and the Corporation deem desirable. All Additional Bonds shall be secured in the same manner as and rank on a parity basis with the Series 2020 Bonds, but shall bear such date or dates, bearing such interest rate or rates, have such maturity dates, redemption dates, options and premiums, and be issued at such prices as shall be approved in writing by the Issuer and the Corporation. Upon the execution and delivery of appropriate supplements to this Bond Indenture and the Master Indenture and amendments to the Agreement, the Issuer may execute and deliver to the Bond Trustee, and the Bond Trustee shall authenticate, such Additional Bonds and deliver them to the initial purchasers thereof as directed by the Issuer.

Section 2.10. Requirements for Authentication and Delivery of Additional Bonds. Whenever requesting the authentication and delivery under this Article II of any Additional Bonds the Issuer shall furnish the Bond Trustee the following:

(a) Corporation's Certificate. A certificate of the Corporation stating (i) that no default exists under the Agreement, the Master Indenture or this Bond Indenture, (ii) that the Corporation approves the issuance and delivery of such Additional Bonds and (iii) any other matters to be approved by the Corporation pursuant to Section 4.1 of the Agreement and this Section 2.10.

(b) Certified Resolution. A Certified Resolution authorizing the issuance of the Additional Bonds and the execution and delivery of the amendment to the Agreement and a supplement to this Bond Indenture.

(c) Amendment to the Agreement. An original executed counterpart of the amendment to the Agreement.

(d) Supplemental Bond Indenture. An indenture supplemental hereto, designating the new series to be created and prescribing expressly or by reference with respect to the Bonds of such series:

- (i) the principal amount of the Bonds of such series,

- (ii) the text of the Bonds of such series,

- (iii) the maturity date or dates thereof,

- (iv) the place or places where principal, premium, if any, and interest are to be paid and where the Bonds are to be registerable, transferable, or exchangeable,

- (v) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable,

- (vi) provisions as to redemption,

- (vii) provisions (if any) as to exchangeability,

- (viii) any other provisions necessary to describe and define such series within the provisions and limitations of this Bond Indenture, and

- (ix) any other provisions and agreements in respect thereof provided, or not prohibited, by this Bond Indenture.

(e) Supplement to Master Indenture. Original executed counterparts of a supplement to the Master Indenture authorizing the execution and delivery of an additional Obligation or Obligations.

(f) Additional Obligations. A Obligation or Obligations executed by the Corporation which shall:

- (i) require payment or payments of principal of, premium, if any, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal of, premium, if any, and interest on the Additional Bonds, taking into account any mandatory sinking fund requirements (pursuant to this Bond Indenture) which are required in respect of the related bonds, and

- (ii) require each payment on the Obligation to be made on the due date for the corresponding payment to be made on the related bonds of the Issuer.

(g) Debt Service Reserve Fund. For deposit into a separate account in the Debt Service Reserve Fund relating to such Additional Bonds, Debt Service Reserve Fund Obligations which will equal the Debt Service Reserve Fund Requirement on such Additional Bonds, as shall be set forth in the supplemental bond indenture relating to such Additional Bonds.

Section 2.11. Cancellation and Destruction of Bonds By the Bond Trustee. Whenever any Outstanding Bonds shall be delivered to the Bond Trustee for the cancellation thereof pursuant to this Bond Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled and treated in accordance with the Bond Trustee's standard retention policies. In the

event of destruction of the Bonds by the Bond Trustee, a certificate of destruction evidencing such destruction shall be furnished by the Bond Trustee to the Issuer and the Corporation upon written request.

Section 2.12. Book Entry Only System. The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity of the Bonds registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 2.13 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Bond Trustee shall have no responsibility or obligation to any participant in DTC (a "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Indenture. Without limiting the immediately preceding sentence, the Issuer and the Bond Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the registration books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder as shown in the registration books, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. Notwithstanding any other provision of this Bond Indenture to the contrary, the Issuer and the Bond Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the registration books as the absolute and sole owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the registration books as provided in this Bond Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, pursuant to this Bond Indenture. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Bond Indenture with respect to payment of interest to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Bond Indenture shall refer to such new nominee of DTC.

Section 2.13. Successor Securities Depository; Transfers Outside Book Entry Only System.

(i) In the event that the Corporation determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC (the "DTC Letter") and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer, at the direction and expense of the Corporation, shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the

Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants, identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants, identified by DTC, having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the registration books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Bond Indenture.

(ii) Upon the written consent of 100% of the beneficial owners of the Bonds, the Bond Trustee, in accordance with the DTC Letter, shall withdraw the Bonds from DTC, and authenticate and deliver Bonds fully registered to the assignees of DTC or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the Persons requesting such withdrawal, authentication and delivery.

Section 2.14. Payments to Cede & Co. Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on, such Bond and all notices, transfers and deliveries with respect to such Bond shall be made and given, respectively, in the manner provided in the DTC Letter.

[End of Article II]



### ARTICLE III REVENUES AND FUNDS

#### Section 3.01. Application of Proceeds of Series 2020 Bonds.

(a) The Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2020A Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iii) Deposit into the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iv) Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020A Bonds.

(b) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020B-1 Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iii) Deposit into the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iv) Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020B-1 Bonds.

(c) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020B-2 Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit, into the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iii) Deposit into the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iv) Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020B-2 Bonds.

(d) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020C Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit, into the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iii) Deposit into the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(iv) Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020B-2 Bonds.

(e) The Issuer agrees to authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in Sections 2.09 and 2.10. Additional Bonds may be issued to provide funds (i) to pay the Costs of financing and refinancing Expansions, (ii) to pay the Cost of financing, refinancing, acquiring, providing, constructing, enlarging, remodeling, renovating, improving, furnishing or equipping and refinancing the acquiring, constructing, equipping or completing any Project, (iii) to the extent permitted by law, to refund any Bonds theretofore issued and then Outstanding under this Bond Indenture or (iii) for any combination of such purposes. In the event of the issuance of Additional Bonds for any such purposes, the amount of Additional Bonds issued may include the costs of the issuance and sale of the Additional Bonds, capitalized interest for such period allowed by law, reserve funds and such other costs reasonably related to the financing as shall be agreed upon by the Corporation and the Issuer.

(f) If the Corporation is not in default hereunder, the Issuer agrees, on request of the Corporation, from time to time, subject to satisfying the requirements of the Act, to use its reasonable efforts to issue the amount of Additional Bonds specified by the Corporation; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved in writing by the Corporation, and provided further that (1) the Corporation and the Issuer shall have entered into an amendment to the Agreement to provide, among other things, that the Project shall include the facilities, if any, being financed by the Additional Bonds, for additional loan payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due, and for a deposit into the Debt Service Reserve Fund of additional Debt Service Reserve Fund Obligations which will equal the Debt Service Reserve Fund Requirement for such series of Additional Bonds, and (2) the Corporation and the Master Trustee

shall have entered into a supplement to the Master Indenture whereby the Corporation issues an Obligation securing payment of the principal of, premium, if any, and interest on the Additional Bonds. The Issuer agrees to comply with Sections 2.09 and 2.10 with respect to the issuance of Additional Bonds.

Section 3.02. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Bond Trustee a trust fund to be designated as the “Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Bond Fund” (the “Bond Fund”). There are hereby created by the Issuer and ordered established with the Bond Trustee three separate accounts within the Bond Fund to be designated as the Principal Account, the Interest Account and the Entrance Fee Redemption Account, respectively. Moneys on deposit in the Principal Account shall be used to pay the principal of and premium, if any, on the Bonds, when due and payable. Moneys on deposit in the Interest Account shall be used to pay the interest on the Bonds. Moneys on deposit in the Entrance Fee Redemption Account shall be used to pay the redemption price of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds on each Entrance Fee Redemption Date as provided in Section 5.11 hereof.

Section 3.03. Payments into the Bond Fund.

(a) There shall be deposited into the Principal Account or the Interest Account, as and when received, (i) all payments on the Obligations, (ii) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to Section 3.10 hereof, (iii) all other moneys required to be deposited therein pursuant to the Agreement, and (iv) all other moneys received by the Bond Trustee when accompanied by directions that such moneys are to be paid into the Principal Account or the Interest Account. There also shall be retained or deposited in the Principal Account or the Interest Account all interest and other income received on investments or moneys required to be transferred thereto, in accordance with Section 6.02 hereof. So long as any of the Bonds are Outstanding, there shall be deposited into the Principal Account or the Interest Account sufficient sums from revenues and receipts derived from the Agreement promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable.

(b) There shall be deposited into the Entrance Fee Redemption Account all moneys received by the Bond Trustee from the Master Trustee on each Entrance Fee Transfer Date pursuant to Section 2.01 of the Supplemental Indenture for deposit therein or other moneys received from the Corporation with written direction to deposit such moneys into the Entrance Fee Redemption Account. When all of the Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds have been paid in full, any money remaining in the Entrance Fee Redemption Account will be deposited in the Entrance Fee Fund, or if the Entrance Fee Fund has been closed will be delivered to the Corporation, and the Entrance Fee Redemption Account shall be closed.

Section 3.04. Use of Moneys in the Entrance Fee Redemption Account, Principal Account and the Interest Account. Except as provided in Sections 3.15 and 8.05 hereof, moneys in the Entrance Fee Redemption Account, including moneys transferred to the Bond Trustee by the Master Trustee or the Corporation, shall be used solely for the payment of the principal of and interest on the Series 2020B-1, the Series 2020B-2 Bonds and the Series 2020C Bonds. The

Series 2020C Bonds shall be redeemed in full prior to any redemption of the Series 2020B-2 Bonds and the Series 2020B-2 Bonds shall be redeemed in full prior to any redemption of the Series 2020B-1 Bonds pursuant to this Section and Section 5.11 hereof. Except as provided in Sections 3.15 and 8.05 hereof, moneys in the Principal Account or the Interest Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on a pro rata basis based upon the outstanding principal amounts thereof.

Section 3.05. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to withdraw sufficient funds from the Principal Account or the Interest Account of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same come due and payable, which authorization and direction the Bond Trustee hereby accepts.

Section 3.06. Construction Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the “Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Construction Fund” (the “Construction Fund”). There are hereby created by the Issuer and ordered established with the Bond Trustee two separate accounts within the Construction Fund to be designated as the Funded Interest Account and the Project Account. Within each of the Funded Interest Account and the Project Account there are hereby created two subaccounts to each be designated the “Tax-Exempt Bond Account” and the “Series 2020C Bond Account.” Moneys in the Construction Fund shall be used to pay Costs of constructing the Project or as hereinafter provided. Under no circumstances shall moneys in the Construction Fund be used to pay Cost of Issuance.

(b) In the event there are insufficient moneys in the Interest Account of the Bond Fund to pay interest on the Bonds when due, the Bond Trustee shall transfer moneys in the Funded Interest Account of the Construction Fund to the Interest Account of the Bond Fund to pay such interest when due. Moneys in the Funded Interest Account of the Construction Fund shall be used to pay investment management fees as set forth in a written request of the Corporation to the Bond Trustee. The Bond Trustee shall disburse moneys in the Project Account of the Construction Fund as provided in Section 4.1 of the Agreement. Notwithstanding the foregoing, moneys in the Tax-Exempt Bond Subaccount shall only be transferred to the Interest Account to pay interest on the Tax-Exempt Bonds and shall not be used to pay interest on the Series 2020C Bonds.

(c) Payments from the Construction Fund shall be made in accordance with this Article III and Article IV of the Agreement. Upon receipt of the required certificates, the Bond Trustee shall pay the amount requested to the extent that the Corporation is entitled to payment pursuant to the Agreement and the Disbursement Agreement.

(d) If an Event of Default occurs under this Bond Indenture, and the Bond Trustee declares the principal of all Bonds and the interest accrued thereon to be due and payable, except as otherwise provided herein, no moneys may be paid out of the Project Account of the Construction Fund by the Bond Trustee during the continuance of such an Event of Default; provided, however, that if such an Event of Default shall be waived and such declaration shall be rescinded by the Bond Trustee or the holders and owners of a majority in

principal amount of the Bonds pursuant to the terms of this Bond Indenture or if a majority of the holders or owners of a majority in principal amount of the Bonds otherwise so declare, the full amount of any such remaining moneys in the Project Account of the Construction Fund may again be disbursed by the Bond Trustee in accordance with the provisions of the Agreement and this Bond Indenture.

(e) All moneys remaining in the Construction Fund after the delivery of the Completion Certificate and after payment or provision for payment of all other items provided for in the Completion Certificate, and after the Bond Trustee with the approval of the Corporation has retained amounts for payment of items included in the Cost of the Project but not then due and payable, including, without limitation additional Funded Interest for a total period of Funded Interest not to exceed three (3) years from the date of issuance of the Series 2020 Bonds, shall be segregated by the Bond Trustee and used by the Bond Trustee at the written direction of the Corporation (x) to deposit such funds into the Principal Account in the Bond Fund to be used to purchase or redeem the Series 2020A Bonds or a portion thereof in accordance with Section 512 hereof; or (y) for any other purpose provided that the Bond Trustee is furnished with an Opinion of Bond Counsel to the effect that such use is lawful and in accordance with the Act and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Tax-Exempt Bonds. Until used to purchase or redeem the Bonds as provided in clause (x) above, or until the use under clause (y) above is approved, such segregated amount may be invested as permitted by Section 6.01 hereof and as directed in writing by the Corporation but may not be invested (without an Opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Tax-Exempt Bonds) to produce a Yield on such amount (computed from the Completion Date and taking into account any investment of such amount from the Completion Date) materially higher than the Yield on the Tax-Exempt Bonds, all in accordance with Section 148 of the Code. The Corporation agrees to cooperate with the Bond Trustee and take all required action necessary to redeem Bonds or to accomplish any other purpose contemplated by this Section.

Section 3.07. Completion Certificate. The Corporation shall provide the Bond Trustee the Completion Certificate required to be delivered under Section 4.2(b) of the Agreement.

Section 3.08. Creation of the Debt Service Reserve Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the "Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Debt Service Reserve Fund" (the "Debt Service Reserve Fund").

(b) There shall be created four accounts within the Debt Service Reserve Fund: (i) a Series 2020A Account, (ii) a Series 2020B-1 Account, (iii) a Series 2020B-2 Account, and (iv) a Series 2020C Account.

(c) Moneys on deposit in the Debt Service Reserve Fund shall be used to provide a reserve for the payment of the principal of and interest on the Bonds.

Section 3.09. Payments Into the Debt Service Reserve Fund. In addition to the deposits required by Section 3.01 hereof, there shall be deposited into the Debt Service Reserve Fund any Debt Service Reserve Fund Obligations delivered by the Corporation to the Bond Trustee pursuant to Section 5.6 of the Agreement. In addition, there shall be deposited into the Debt Service Reserve Fund all moneys required to be transferred thereto pursuant to Section 6.02 hereof, and all other moneys received by the Bond Trustee when accompanied by directions that such moneys are to be paid into the Debt Service Reserve Fund. There shall also be retained in the Debt Service Reserve Fund all interest and other income received on investments of Debt Service Reserve Fund moneys to the extent provided in Section 6.02 hereof.

Section 3.10. Use of Moneys in the Debt Service Reserve Fund.

(a) Except as provided herein and in Section 3.15 hereof, moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of and interest on the Bonds in the event moneys in the Bond Fund or the Funded Interest Account of the Construction Fund are insufficient to make such payments when due, whether on an Interest Payment Date, redemption date, maturity date, acceleration date or otherwise. Subject to paragraph (b) below, monies in the Series 2020A Account shall only be available to pay debt service on the Series 2020A Bonds, the monies in the Series 2020B-1 Account shall only be available to pay debt service on the Series 2020B-1 Bonds, the monies in the Series 2020B-2 Account shall only be available to pay debt service on the Series 2020B-2 Bonds, and monies in the Series 2020C Account shall only be available to pay debt service on the Series 2020C Bonds.

(b) Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice hereunder and the election by the Bond Trustee of the remedy specified in Section 8.02(a) hereof, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund shall, subject to the provisions of Section 3.16 hereof, be transferred by the Bond Trustee to the Principal Account and applied in accordance with Section 8.05 hereof. In the event of the redemption of any series of Bonds, and except as provided in (c) below, any Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement on the Bonds to be Outstanding immediately after such redemption shall, subject to the provisions of Section 3.16 hereof, be transferred to the Principal Account and applied to the payment of the principal of the series of Bonds to be redeemed. On June 1 and December 1 in each year, any earnings on the Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement shall be transferred during the construction period for any Project into the Funded Interest Account of the Construction Fund created in connection with the issuance of Bonds for such Project or, if after the completion of such construction period, into the Interest Account of the Bond Fund.

(c) On the final maturity date of any series of Bonds, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement after giving effect to such maturity shall be used to pay the principal of and interest on such series of Bonds on such final maturity date; provided that Debt Service Reserve Fund Obligations, or allocable portion thereof, as applicable, held in any account within the Debt Service Reserve Fund may be transferred to an escrow account established under Article VIII hereof in connection with a partial or full defeasance of the Series 2020 Bonds or any series or portion of a series thereof.

(d) If at any time moneys in the Debt Service Reserve Fund are sufficient to pay the principal or redemption price of all Bonds then Outstanding, the Bond Trustee shall use the moneys on deposit in the Debt Service Reserve Fund to pay such principal or redemption price of the Bonds. Notwithstanding the foregoing or anything in this Bond Indenture to the contrary, no portion of the moneys in the Series 2020A Account, the Series 2020B-1 Account or the Series 2020B-2 Account shall be used to pay debt service on the Series 2020C Bonds.

Section 3.11. Custody of the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to transfer sufficient moneys from the respective account within the Debt Service Reserve Fund to the Bond Fund to pay the principal of and interest on the respective series of Bonds for the purposes herein described, which authorization and direction the Bond Trustee hereby accepts. In the event there shall be a deficiency in the Principal Account or the Interest Account on any payment date for any series of Bonds, the Bond Trustee shall promptly make up such deficiency from the corresponding account within the Debt Service Reserve Fund.

Section 3.12. Nonpresentment of Bonds. In the event that any Bonds shall not be presented for payment when the principal thereof or interest thereon becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof shall have been deposited into the Bond Fund or otherwise made available to the Bond Trustee for deposit therein as provided in Section 3.03 hereof, all liability of the Issuer to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner or Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his or her part under this Bond Indenture or on, or with respect to, said Bond, and all such funds shall remain uninvested. If any Bond shall not be presented for payment within the period of two years following the date of final maturity of such Bond, the Bond Trustee shall, to the extent required by law, transfer such funds to the state treasury of the State, in which case the owner of such Bonds shall look only to such state for payment, or, in the alternative, to the extent permitted by law, the Bond Trustee shall, upon request in writing by the Corporation, return such funds to the Corporation free of any trust or lien and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Corporation. In either event, the Bond Trustee shall have no further responsibility with respect to such moneys or payment of such Bonds. Thereafter, the Bondholders shall be entitled to look only to the Corporation for payment, and then only to the extent of the amount so repaid by the Bond Trustee. The Corporation shall not be liable for any interest on any sums paid to it.

Section 3.13. Bond Trustee's and Paying Agents' Fees, Charges, and Expenses. Pursuant to the provisions of the Agreement, the Corporation has agreed to pay to the Bond Trustee and to each Paying Agent, commencing with the effective date of the Agreement and continuing until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Bond Indenture, the reasonable and necessary fees and expenses (including attorneys' fees) of the Bond Trustee and each Paying Agent, as and when the same become due, upon the submission by the Bond Trustee and each Paying Agent of a statement therefor.

Section 3.14. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Bond Trustee under any provision of this Bond Indenture (except moneys in the Rebate Fund) shall be held by the Bond Trustee in trust for the purposes specified in this Bond Indenture, and except for moneys deposited with or paid to the Bond Trustee for the redemption of Bonds for which the notice of redemption has been duly given, shall, while held by the Bond Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 3.15. Repayment to the Corporation from the Funds. Any amounts remaining in the Bond Fund, Debt Service Reserve Fund, Construction Fund or the Coverage Support Fund, after payment in full of the Bonds (or after making provision for such payment), the fees and expenses of the Bond Trustee and the Paying Agents (including attorneys' fees, if any), the Administration Expenses, and all other amounts required to be paid hereunder and under the Agreement shall be paid to the Corporation upon the termination of the Agreement; provided, however, that prior to the disbursement of such remaining funds to the Corporation, the Bond Trustee shall have received a certificate of the Master Trustee to the effect that no payments required under the Master Indenture or any Obligation issued and outstanding thereunder are past due and owing, to the knowledge of the Master Trustee. If any payments are past due and owing under the Master Indenture, the Bond Trustee shall deliver such remaining amounts to or upon the order of the Master Trustee.

Section 3.16. Rebate Fund.

(a) A special Rebate Fund is hereby established by the Issuer. The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation the owners of the Tax-Exempt Bonds. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Bond Indenture. Notwithstanding the foregoing, the Bond Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(b) Within 60 days after the close of each fifth "Bond Year," the Corporation shall provide the Bond Trustee a computation in the form of a certificate of an officer of the Corporation of the amount of "Excess Earnings," if any, for the period beginning on the date of delivery of the Tax Exempt Bonds and ending at the close of such "Bond Year" and the Corporation shall pay to the Bond Trustee for deposit into the Rebate Fund an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. The term "Bond Year" means with respect to the Tax Exempt Bonds each one-year period ending on the anniversary of the date of delivery of the Tax Exempt Bonds or such other period as may be elected by the Issuer in accordance with the Regulations and notice of which election has been given to the Bond Trustee. If, at the close of any Bond Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States of America under paragraph (d) below if the Tax Exempt Bonds had been paid in full, such excess may, at the request of the Corporation, be transferred from the Rebate Fund and paid to the Corporation; provided, however, that prior to the disbursement of such remaining funds to the Corporation, the Bond Trustee shall have received a certificate of the Master Trustee to the effect

that no payments required under the Master Indenture or any Obligation issued and outstanding thereunder are past due and owing, to the knowledge of the Master Trustee. If any payments are past due and owing under the Master Indenture, the Bond Trustee shall deliver such remaining amounts to or upon the order of the Master Trustee.

(c) In general, “Excess Earnings” for any period of time means the sum of

(i) the excess of --

(A) the aggregate amount earned during such period of time on all “Nonpurpose Investments” (including gains on the disposition of such Obligations) in which “Gross Proceeds” of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)), over

(B) the amount that would have been earned during such period of time if the “Yield” on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period of time attributable to the excess described in subparagraph (c)(i) above.

The term Nonpurpose Investments, Gross Proceeds, Issue Date and Yield shall have the meanings given to such terms in section 148 of the Code and the Regulations promulgated pursuant to such section.

(d) The Bond Trustee shall, as directed in writing by the Corporation, pay to the United States of America at least once every five years, to the extent that funds are available in the Rebate Fund or otherwise provided by the Corporation, an amount that ensures that at least 90 percent of the Excess Earnings from the date of delivery of the Tax Exempt Bonds to the close of the period for which the payment is being made will have been paid. The Bond Trustee shall pay to the United States of America not later than 60 days after the Tax Exempt Bonds have been paid in full as directed by the Corporation in writing, to the extent that funds are available in the Rebate Fund or otherwise provided by the Corporation, 100 percent of the amount then required to be paid under Section 148(f) of the Code as a result of Excess Earnings.

(e) The amounts to be computed, paid, deposited or disbursed under this section shall be determined by the Corporation acting on behalf of the Issuer within thirty days after each Bond Year after the date of issuance of each issue or series of Tax Exempt Bonds. By such date, the Corporation shall also notify, in writing, the Bond Trustee and the Issuer of the determinations the Corporation has made and the payment to be made pursuant to the provisions of this section. Upon written request of any registered owner of Tax Exempt Bonds, the Corporation shall furnish to such registered owner of Tax Exempt Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this section and other applicable provisions of section 148 of the Code.

(f) The Bond Trustee shall maintain a record of the periodic determinations by the Corporation of the Excess Earnings for a period beginning on the first anniversary date of the issuance of the Tax Exempt Bonds and ending on the date three years after the final retirement of the Tax Exempt Bonds. Such records shall state each such anniversary date and summarize the manner in which the Excess Earnings, if any, was determined.

(g) If the Bond Trustee shall declare the principal of the Tax Exempt Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in this Bond Indenture, or if the Tax Exempt Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any of the trust funds hereunder shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Excess Earnings computed by the Corporation as of the date of such acceleration or redemption, and the balance of such amount shall be used immediately by the Bond Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Tax Exempt Bonds when due. In furtherance of such intention, the Issuer hereby authorizes and directs its Authorized Signatory to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax Exempt Bonds.

(h) The requirements contained in this Section relating to the computation and payment of Excess Earnings shall not be applicable to the extent set forth in Treasury Regulations Section 1.148-7 if all Gross Proceeds of the Tax Exempt Bonds are expended in compliance with such Section.

(i) Notwithstanding any of the provisions of this Section, the Bond Trustee shall have no duty or responsibility with respect to the Rebate Fund except to follow the specific written instructions of the Corporation and in no event shall the Bond Trustee have any obligation to fund any amounts payable under this Section 3.16.

Section 3.17. Cost of Issuance Fund. There is hereby created and established with the Bond Trustee a trust fund designated as the “Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Cost of Issuance Fund” (the “Cost of Issuance Fund”). The Bond Trustee shall disburse moneys in the Cost of Issuance Fund as provided in Article IV of the Agreement. Moneys in the Cost of Issuance Fund may be used only for payment of the Cost of Issuance. Within 6 months of the date of issuance of the Series 2020 Bonds, any moneys remaining in the Cost of Issuance Fund not subject to a pending requisition for Costs of Issuance shall be transferred to the Project Account of the Construction Fund, and thereafter no such moneys shall be used to pay Cost of Issuance. The Cost of Issuance Fund shall then be closed.

Section 3.18. Coverage Support Fund. There is hereby created and established with the Bond Trustee a trust fund designated as the “Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Coverage Support Fund” (the “Coverage Support Fund”). The Bond Trustee shall disburse moneys in the Coverage Support Fund as provided in Section 7.17 of the Agreement. The Coverage Support Fund shall be part of the Trust Estate. Upon the delivery to the Bond Trustee of the written request of the Corporation in accordance with Section 7.17 of the Agreement, the

Bond Trustee shall disburse funds from the Coverage Support Fund to the Corporation within two Business Days of such request; provide no Event of Default shall have occurred or be continuing hereunder. Upon delivery to the Bond Trustee of the certificate of the Corporation that the conditions to the closing of the Coverage Support Fund have been satisfied, which certificate the Bond Trustee shall be entitled to rely upon without further confirmation, the Bond Trustee shall disburse all remaining funds in the Coverage Support Fund to the Corporation and close the Coverage Support Fund.

.[End of Article III]

#### ARTICLE IV COVENANTS OF THE ISSUER

Section 4.01. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Bond Indenture, in any and every Bond and in all proceedings of the Board of Directors pertaining hereto; provided, however, that except for the covenant of the Issuer set forth in Section 4.02 hereof relating to payment of the Bonds, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Corporation or by the Bond 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 execution assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Series 2020 Bonds and to execute this Bond Indenture, and to pledge the revenues and receipts hereby pledged, and to assign its rights under and pursuant to the Agreement and the Series 2020 Obligations in the manner and to the extent herein set forth, that all action on its part and to the extent herein set forth, that all action on its part for the issuance of the Series 2020 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Series 2020 Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import hereof, except as enforcement thereof and hereof may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors and by the application of general principles of equity, if such remedies are pursued.

Section 4.02. Payments of Principal, Premium, If Any, and Interest. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from revenues and other amounts derived from the Obligations, and from the other security pledged hereby, which revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Bond Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or requiring or obligating the Issuer to pay the Bonds from any source other than the pledged revenues and security as provided herein.

Section 4.03. Supplemental Indentures; Recordation of Bond Indenture and Supplemental Indentures. The Issuer will execute and deliver all indentures supplemental hereto, and will cause this Bond Indenture, the Agreement, and all supplements hereto and thereto, as well as all security instruments and financing statements relating thereto, to be filed, at the Corporation's expense, in each office required by law in order to publish notice of the liens created by this Bond Indenture and the Agreement. The Bond Trustee, at the Corporation's expense, will, as directed by the Corporation, cause all continuation statements and all supplements to any financing statement or continuation statement and other instruments as may be required, at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Bondholders and all rights of the Bond Trustee hereunder. Absent such direction from the Corporation, the Bond Trustee shall file all financing statements as provided in Section 9.06 hereof.

Section 4.04. Lien of Bond Indenture. The Issuer hereby agrees not to create any lien having priority or preference over the lien of this Bond Indenture upon the Trust Estate or any part thereof, other than the security interest granted by it to the Bond Trustee, except as otherwise specifically provided in Article VIII hereof. The Issuer agrees that no obligations the payment of which is secured by payments or other moneys or amounts derived from the Agreement and the other sources provided herein will be issued by it except in accordance with Sections 2.09 and 2.10 of this Bond Indenture.

Section 4.05. Rights Under the Agreement. The Issuer will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The Issuer agrees that wherever in the Agreement it is stated that the Issuer will notify the Bond Trustee, give the Bond Trustee some right or privilege, or in any way attempt to confer upon the Bond Trustee the ability for the Bond Trustee to protect the security for payment of the Bonds, that such part of the Agreement shall be as though it were set out in this Bond Indenture in full.

The Issuer agrees that the Bond Trustee as assignee of the Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer (except those rights to indemnification and payment under Sections 5.7, 7.5 and 9.5 thereof) and all obligations of the Corporation under and pursuant to the Agreement for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

Section 4.06. Tax Covenants.

(a) The Issuer covenants and agrees that until the final maturity of the Tax Exempt Bonds, based upon the Corporation's covenants in Section 4.9 of the Agreement, it will not knowingly take any action, use any money on deposit in any Fund or Account maintained in connection with the Tax Exempt Bonds, whether or not such money was derived from the proceeds of the sale of the Tax Exempt Bonds or from any other source, in a manner that would cause the Tax Exempt Bonds to be arbitrage bonds, within the meaning of Section 148 of the Code. In the event the Corporation notifies the Issuer that it is necessary to restrict or limit the yield on the investment of moneys held by the Bond Trustee pursuant to this Bond Indenture, or to use such moneys in any certain manner to avoid the Tax Exempt Bonds being considered arbitrage bonds, the Issuer at the written direction and expense of the Corporation shall deliver to the Bond Trustee appropriate written instructions of the Issuer, in which event the Bond Trustee shall take such action as instructed to restrict or limit the yield on such investment or to use such moneys in accordance with such instructions.

(b) The Issuer shall not knowingly use any proceeds of Tax Exempt Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not knowingly take any other action or actions, that would result in any of the Tax Exempt Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(c) The Issuer will not knowingly use any portion of the proceeds of the Tax Exempt Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to Persons who are not Exempt Persons. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with

respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a loan to a Person who is not an Exempt Person.

(d) The Issuer will not knowingly take any action that would result in all or any portion of the Tax Exempt Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(e) For purposes of this Section, the Issuer's compliance shall be based solely on acts or omissions by the Issuer, and no acts, omissions or directions of the Corporation, the Bond Trustee or any other Persons shall be attributable to the Issuer.

Section 4.07. Change in Law. To the extent that published rulings of the Internal Revenue Service, or amendments to the Code or the Regulations modify the covenants of the Issuer that are set forth in this Bond Indenture or that are necessary for interest on any issue of the Tax Exempt Bonds to be excludable from gross income for federal income tax purposes, the Issuer, upon receiving the written Opinion of Bond Counsel to such effect, will comply, at the expense of the Corporation, with such modifications and direct the Bond Trustee to take such action as may be required to comply with such modifications to the extent such compliance is not prohibited under the Act.

[End of Article IV]

## ARTICLE V REDEMPTION OF BONDS

### Section 5.01. Optional Redemption of Series 2020 Bonds.

(a) The Series 2020A Bonds are subject to optional redemption prior to maturity by the Issuer at the direction of the Corporation in whole or in part on June 1, \_\_\_\_ or on any date thereafter, at the redemption prices set forth below, together with accrued interest to the date of redemption.

June 1, ____ to May 31, ____	____%
June 1, ____ to May 31, ____	____%
June 1, ____ to May 31, ____	____%
June 1, ____ and thereafter	100%

(b) The Series 2020B-1 Bonds are not subject to optional redemption prior to maturity.

(c) The Series 2020B-2 Bonds are not subject to optional redemption prior to maturity.

(d) The Series 2020C Bonds are not subject to optional redemption prior to maturity.

### Section 5.02. Sinking Fund Redemption.

(a) The Series 2020A Bonds maturing on June 1, \_\_\_\_, are subject to mandatory sinking fund redemption from amounts deposited to the Principal Account of the Bond Fund established pursuant to this Bond Indenture, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, on June 1 in each of the years and amounts as follows:

Year	Amount	Year	Amount
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\* Maturity

(b) On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Series 2020A Bonds Outstanding maturing on the applicable maturity date, a principal amount of such Series 2020A Bonds equal to the Aggregate Principal Amount of such Series 2020A Bonds redeemable with the required sinking fund payment, and shall call such Series 2020A Bonds or portions thereof (\$5,000 or any integral multiple thereof) for redemption from the sinking fund on the next June 1, and give notice of such call. At the option

of the Corporation to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2020A Bonds or portions thereof maturing on the applicable maturity date in an Aggregate Principal Amount desired by the Corporation or (ii) specify a principal amount of Series 2020A Bonds or portions thereof maturing on the applicable maturity date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Issuer and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2020A Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation to redeem Series 2020A Bonds of that same maturity on the next succeeding or any other sinking fund redemption date designated in writing by the Corporation. Any excess shall be credited against the next sinking fund redemption obligation to redeem Series 2020A Bonds of that same maturity. In the event that the Corporation shall avail itself of the provisions of clause (i) of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2020A Bonds or portions thereof to be canceled.

### Section 5.03. Method of Selection of Bonds in Case of Partial Redemption.

(a) In the event that less than all of the Outstanding Series 2020 Bonds or portions thereof are to be redeemed as provided in Section 5.11 hereof, the Series 2020 Bonds to be redeemed shall be selected first, from any Outstanding Series 2020C Bonds, then from any Outstanding Series 2020B-2 Bonds, and then from any Outstanding Series 2020B-1 Bonds, in that order.

(b) In the event that less than all of the Outstanding Series 2020 Bonds or portions thereof of a particular series are to be redeemed as provided in Sections 5.01, 5.08, 5.10, 5.11 or 5.12 hereof, the Corporation may select the particular maturities of such series to be redeemed. If less than all Series 2020 Bonds or portions thereof of a single maturity are to be redeemed, they shall be selected by the Securities Depository in accordance with its procedure or by lot in such manner as the Bond Trustee may determine.

(c) If a Series 2020 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2020 Bond may be redeemed, but Series 2020 Bonds shall be redeemed only in the principal amount of an Authorized Denomination and no Series 2020 Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

Section 5.04. Notice of Redemption. Series 2020 Bonds shall be called for redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee at least 45 days prior to the redemption date of a certificate of the Corporation specifying the principal amount of Series 2020 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Bond Indenture pursuant to which such Series 2020 Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the redemption of Series 2020 Bonds pursuant to the sinking fund provided in Section 5.02 hereof or pursuant to the mandatory Entrance Fee Redemption provided in Section 5.11 hereof (which shall require that the Bond Trustee receive funds for such Entrance Fee Redemption not less than 15 days prior to the redemption date), and such Series 2020 Bonds shall be called for



redemption by the Bond Trustee without the necessity of any action by the Corporation or the Issuer.

In case of every redemption, the Bond Trustee shall cause notice of such redemption to be given by mailing by first class mail, postage prepaid, a copy of the redemption notice to the owners of the Series 2020 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration books (other than the Entrance Fee Redemption of the Series 2020B-1 Bond, the Series 2020B-2 Bonds and the Series 2020C Bonds, as provided in Section 5.11 hereof), in each case not more than 60 nor less than 30 days and, in the case of Entrance Fee Redemption of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds pursuant to Section 5.11 hereof, ten days prior to the redemption date. In addition, notice of redemption shall be sent by first class or registered mail, return receipt requested, or by overnight delivery service (1) contemporaneously with such mailing: (A) to any owner of \$1,000,000 or more in principal amount of Series 2020 Bonds and (B) to the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access website; and (2) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of Series 2020 Bonds to be redeemed so that such notice is received at least two days prior to such mailing date. An additional notice of redemption shall be given by certified mail, postage prepaid, mailed not less than 60 nor more than 90 days after the redemption date to any owner of Series 2020 Bonds selected for redemption that has not surrendered the Series 2020 Bonds called for redemption, at the address as the same shall last appear upon the registration books.

Notwithstanding the foregoing, upon the written direction of the Corporation, the notice of redemption for optional redemption pursuant to Section 5.01 hereof shall contain a statement to the effect that the redemption of the Series 2020 Bonds is conditioned upon the receipt by the Bond Trustee, prior to the date fixed for such redemption, of amounts equal to the redemption price of the Series 2020 Bonds to be redeemed, and that if such moneys shall not have been so received, the notice will be of no force and effect and the Issuer shall not be required to redeem such Series 2020 Bonds and such Series 2020 Bonds shall not become due and payable.

All notices of redemption shall state:

- (a) the redemption date,
- (b) the redemption price,
- (c) the identification, including complete designation (including series) and issue date of the Series 2020 Bonds and the CUSIP number (and in the case of partial redemption, certificate number and the respective principal amounts, interest rates and maturity dates) of the Series 2020 Bonds to be redeemed,
- (d) that on the redemption date the redemption price will become due and payable upon each such Series 2020 Bonds, and that interest thereon shall cease to accrue from and after said date,
- (e) the name and address of the Bond Trustee and any Paying Agent for such Series 2020 Bonds, including the place where such Series 2020 Bonds are to be surrendered for

payment of the redemption price and the name and phone number of a contact person at such address.

Provided, however, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2020 Bonds.

Section 5.05. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue. On or before the business day prior to the redemption date specified in the notice of redemption, an amount of money sufficient to redeem all Series 2020 Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Bond Trustee. If at the time of mailing of notice of any optional redemption moneys sufficient to redeem all of the Series 2020 Bonds called for redemption are not on deposit with the Bond Trustee, such notice may state that is conditional in that it is subject to the deposit of moneys with the Bond Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited. On the redemption date the principal amount of each Series 2020 Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article V, then, notwithstanding that any Series 2020 Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Series 2020 Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Series 2020 Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Issuer shall be under no further liability in respect thereof.

Section 5.06. Cancellation. All Bonds which have been redeemed shall be cancelled by the Bond Trustee and retained as provided in Section 2.11 hereof.

Section 5.07. Partial Redemption of Fully Registered Bonds. Upon surrender of any fully registered Bond for redemption in part only, the Issuer shall execute and the Bond Trustee shall authenticate and deliver to the owner thereof, at the expense of the Corporation, a new Bond or Bonds of the same series and of the same maturity of Authorized Denominations in an Aggregate Principal Amount equal to the unredeemed portion of the Bond surrendered.

Section 5.08. Extraordinary Optional Redemption. The Bonds shall be subject to optional redemption by the Issuer at the direction of the Corporation prior to their scheduled maturities, in whole or in part (proportionally among each series except as provided below) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount and the Corporation has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive, or administrative action (whether state

or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Corporation under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement.

Section 5.09. Purchase in Lieu of Redemption. If any Series 2020 Bond is called for extraordinary optional redemption in whole or in part, the Issuer shall, at the direction of the Corporation, elect to have such Series 2020 Bond purchased in lieu of redemption.

Purchase in lieu of redemption shall be available to all Series 2020 Bonds called for optional redemption or for such lesser portion of such Series 2020 Bonds as constitute authorized denominations. The Issuer shall, at the direction of the Corporation, direct the Bond Trustee to purchase all or such lesser portion of the Series 2020 Bonds so called for redemption. Any such direction to the Bond Trustee must be in writing, state either that all the Series 2020 Bonds called for redemption are to be purchased or, if less than all of the Series 2020 Bonds called for redemption are to be purchased, identify those Series 2020 Bonds to be purchased by maturity date and outstanding principal amount in authorized denominations, and be received by the Bond Trustee no later than 12:00 noon one Business Day prior to the scheduled redemption date thereof.

If so directed, the Bond Trustee shall purchase such Series 2020 Bonds on the date which otherwise would be the redemption date of such Series 2020 Bonds. Any of the Series 2020 Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by this Bond Indenture on such redemption date.

On or prior to the scheduled redemption date, any direction given to the Bond Trustee shall, at the direction of the Corporation, be withdrawn by the Issuer by written notice to the Bond Trustee. Subject generally to this Bond Indenture, should a direction to purchase be withdrawn, the scheduled redemption of such Series 2020 Bonds shall occur.

The purchase shall be made for the account of the Corporation or its designee.

The purchase price of the Series 2020 Bonds shall be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Series 2020 Bonds on the scheduled redemption date for such redemption. To pay the purchase price of such Series 2020 Bonds, the Bond Trustee shall use such funds (A) deposited by the Corporation with the Bond Trustee for such purpose and (B) funds, if any, held under this Bond Indenture that the Bond Trustee would have used to pay the outstanding principal of, accrued and interest on and the redemption premium, if any, that would have been payable on the redemption of such Series 2020 Bonds on the scheduled redemption date. The Bond Trustee shall not purchase the Series 2020 Bonds pursuant to the above provisions if by no later than the redemption date, sufficient moneys have not been deposited with the Bond Trustee, or such moneys are deposited but are not available.

No notice of the purchase in lieu of redemption shall be required to be given to the Bondholders (other than the notice of redemption otherwise required under the Bonds).

Section 5.10. Mandatory Redemption upon Determination of Taxability of Tax-Exempt Bonds. The Tax-Exempt Bonds are subject to mandatory redemption in whole at a redemption price equal to (a) with respect to the Series 2020A Bonds the then applicable redemption price under Section 5.01(a) hereof or the highest redemption price set forth in Section 5.01(a) hereof with respect to the Series 2020A Bonds are not then subject to optional redemption, and (b) with respect to the Series 2020B-1 Bonds and the Series 2020B-2 Bonds, 100%, in all cases applied to the principal amount of the Series 2020 Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if a mandatory redemption on account of a Determination of Taxability of less than all of the Tax-Exempt Bonds would result, in the Opinion of Bond Counsel, in the interest on the Tax-Exempt Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Tax-Exempt Bonds, then the Tax-Exempt Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

Section 5.11. Entrance Fee Redemption.

(a) The Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds are subject to redemption on each Entrance Fee Redemption Date from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds being redeemed, plus accrued interest to the date fixed for redemption. Funds on deposit in the Entrance Fee Redemption Account shall be applied first to redeem the Series 2020C Bonds, second to redeem the Series 2020B-2 Bonds and third to redeem the Series 2020B-1 Bonds. Redemption of the Series 2020B-2 Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2020C Bonds have been paid in full and redemption of the Series 2020B-1 Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2020B-2 Bonds have been paid in full.

(b) The principal amount of Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the day following the immediately preceding Entrance Fee Transfer Date.

(c) As soon as practicable after each Entrance Fee Redemption Date pursuant to this Section, the Bond Trustee shall give notice to the Master Trustee of the principal amount of the Series 2020B-1 Bonds, Series 2020B-2 Bonds or Series 2020C Bonds redeemed on such date, together with the principal amount of the Series 2020B-1 Bonds, Series 2020B-2 Bonds and Series 2020C Bonds that remains Outstanding after such redemption.

(d) Any funds remaining in the Entrance Fee Redemption Account upon the payment in full of the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds shall be released to the Corporation provide not Event of Default has occurred and is continuing.

Section 5.12. Mandatory Redemption of Series 2020A Bonds upon Completion of the Project. The Series 2020A Bonds are subject to mandatory redemption, on a pro rata basis, in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following the Completion Date at a redemption price equal to the aggregate principal amount of the Series 2020A Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys are transferred to the Principal Account of the Bond Fund pursuant to Section 3.06(e) hereof.

[End of Article V]

## ARTICLE VI INVESTMENTS

Section 6.01. Investment of Bond Fund, Construction Fund, Cost of Issuance Fund, and Debt Service Reserve Fund Moneys. Any moneys held as part of the Bond Fund, Construction Fund, Cost of Issuance Fund, Debt Service Reserve Fund or Coverage Support Fund shall be invested or reinvested by the Bond Trustee at the written request and direction of the Corporation (upon which the Bond Trustee is entitled to rely) in Permitted Investments. In the event the Corporation fails to so direct the investment of funds, the Bond Trustee may hold such moneys hereunder uninvested without liability. All Permitted Investments shall be either subject to redemption at any time at a fixed value at the option of the owner thereof or shall mature or be marketable not later than the business day prior to the date on which the proceeds are expected to be expended. For the purpose of any investment or replacement under this Section, the Permitted Investments shall be deemed to mature at the earliest date on which the Corporation is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. The Bond Trustee may make any and all investments permitted by the provisions of this Section through its trust department. In order to comply with the directions of the Corporation, the Bond Trustee may sell, at the best price obtainable, or present for redemption, or may otherwise cause liquidation prior to their maturities, any of the obligations in which funds have been invested, and the Bond Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Corporation may instruct the Bond Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investment for investments in another fund or account that may be liquidated at no, or at reduced, loss. The Bond Trustee shall be under no liability for interest on any moneys received hereunder.

Section 6.02. Allocation and Transfers of Investment Income. Any investments in any Fund shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. The Bond Trustee shall not be liable for any loss or penalty resulting from any such investment made in accordance with any direction by the Corporation or for the Bonds becoming “arbitrage bonds” by reason of any such investment. Any interest or other gain from any investment or reinvestment pursuant to Section 6.01 hereof shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Funded Interest Account of the Construction Fund, the Cost of Issuance Fund or the Project Account of the Construction Fund shall be credited to the Funded Interest Account of the Construction Fund until such Funded Interest Account of the Construction Fund expires, and thereafter, to the Interest Account of the Bond Fund.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Principal Account and the Interest Account of the Bond Fund shall be credited at least semiannually to the Interest Account unless a deficiency exists in any Reserve Account of the Debt Service Reserve Fund, in which case such interest or other gain shall be paid into such Reserve Account forthwith.

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if a deficiency exists therein at that time. If a deficiency does not exist in the Debt Service Reserve Fund at that time, such interest or other gain on other amounts paid into the Debt Service Reserve Fund shall be paid during the construction period for any Project for deposit into the Funded Interest Account of the Construction Fund created in connection with the issuance of Bonds for such Project or if after the completion of such construction period, for deposit into the Interest Account of the Bond Fund at least semiannually.

The Bond Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in any Fund is insufficient for the purposes of such fund.

Section 6.03. Valuation of Permitted Investments. Accounting and valuation of Permitted Investments in any Fund or Account will be performed as follows:

(a) On a monthly basis the Bond Trustee shall furnish to the Corporation a full and complete statement of all receipts and disbursements of Permitted Investments in any Fund and Account covering such period.

(b) The Bond Trustee shall also furnish on or before January 1 and July 1 of each year a statement of the assets contained in each Fund and Account. Assets will be valued at market value as of December 31 and June 30, respectively, by the Bond Trustee in such statement in accordance with the normal valuation procedures of the Bond Trustee. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 6.03(a) above.

(c) On a monthly basis the Bond Trustee shall furnish to the Corporation a full and complete statement of all receipts of the interest earned on Permitted Investments in any Fund and account covering such period.

Section 6.04. Brokerage Confirmations. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Issuer and the Corporation periodic cash transaction statements that include detail for all investment transactions made by the Bond Trustee hereunder.

[End of Article VI]

## ARTICLE VII DISCHARGE OF BOND INDENTURE

Section 7.01. Discharge of this Bond Indenture. If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Bond Indenture and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder (including but not limited to the fees and expenses of the Bond Trustee and any Paying Agent, in accordance with Section 3.13 hereof), then the right, title and interest of the Bond Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied except to the extent such covenants expressly provide that they will survive termination or discharge. In such event, upon the written request of the Issuer or of the Corporation, and upon receipt of an Opinion of Counsel to the effect that all conditions precedent herein provided relating to the satisfaction and discharge of this Bond Indenture have been complied with, the Bond Trustee shall execute such documents as may be reasonably required by the Issuer and shall turn over to the Corporation any surplus in the Bond Fund, Debt Service Reserve Fund and Construction Fund; provided, however, that prior to the disbursement of such remaining funds to the Corporation, the Bond Trustee shall have received a certificate of the Master Trustee to the effect that no payments required under the Master Indenture or any Obligation issued and outstanding thereunder are past due and owing, to the knowledge of the Master Trustee. If any payments are past due and owing under the Master Indenture, the Bond Trustee shall deliver such remaining amounts to or upon the order of the Master Trustee.

All Outstanding Bonds of any one or more series, or any portion thereof, shall prior, to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if (i) in case said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Bond Trustee in form satisfactory to it irrevocable written instructions to give on a date in accordance with the provisions of Section 5.04 hereof notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 5.04 hereof, (ii) there shall have been deposited with the Bond Trustee (or another Paying Agent) either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, or any other Person other than the holder thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Bond Trustee or any Paying Agent at the same time (including the Bond Fund and the Debt Service Reserve Fund), and available for such purpose, shall be sufficient, in the opinion of an independent certified public accountant, to pay when due the principal of, premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event that said Bonds are not by their terms subject to redemption within the next 45 days, the Corporation shall have given the Bond Trustee in form satisfactory to it irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.04 hereof, a notice to the owners of such Bonds that the deposit required by subclause (ii) above has been made with the Bond Trustee (or another depository) and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys

are to be available for the payment of the principal of, premium, if any, and interest on said Bonds. Neither the Government Obligations nor moneys deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds; provided any such cash received from such principal or interest payments on such Government Obligations deposited with the Bond Trustee, if not then needed for such purpose, shall, at the written direction of the Corporation accompanied by an Opinion of Bond Counsel and a verification report showing the adequacy of such other funds to pay principal of, premium, if any, and interest on such Bonds, either (1) be reinvested, to the extent practicable, in Government Obligations of the type described in clause (ii) of this paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be or (2) be used to pay principal and/or interest on the Bonds. At such time as any Bond shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Bond Indenture, except for the purpose of any payment from such moneys or Government Obligations deposited with the Bond Trustee and the purpose of transfer and exchange pursuant to Section 2.05 hereof.

The release of the obligations of the Issuer under this Section shall be without prejudice to the rights of the Bond Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable and necessary expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

[End of Article VII]

## ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.01. Events of Default. If any of the following events occur, it is hereby defined as and shall be deemed an “Event of Default”:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, or upon proceedings for redemption or as required by the sinking fund provisions hereof or otherwise.

(b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable.

(c) Declaration under the Master Indenture that the principal of, and accrued interest on, any Obligation issued thereunder is immediately due and payable.

(d) Failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions in its part in this Bond Indenture or in the Bonds contained, which failure shall continue for a period of 60 days after written notice specifying such failure and requesting that it be remedied, is given to the Issuer and the Corporation by the Bond Trustee or to the Issuer, the Corporation and to the Bond Trustee by the owners of not less than 25% in principal amount of the Bonds Outstanding; provided that such failure is the result of the failure of the Corporation to perform its obligations under the Agreement.

Section 8.02. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Bond Trustee shall have the following rights and remedies:

(a) The Bond Trustee shall, in the event that the payment of the principal of and accrued interest on any Obligation has been declared due and payable immediately by the Master Trustee, by notice in writing given to the Issuer and the Corporation, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Bond Trustee shall give notice to the Bondholders in the same manner as a notice of redemption under Article V hereof, stating the date upon which the Obligations and the Bonds shall be payable.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the payment of the principal of, and accrued interest on, the Obligations and the Bonds has been declared due and payable immediately, the declaration of the acceleration of the Obligations shall be annulled in accordance with the provisions of the Master Indenture, the declaration of the acceleration of the Bonds shall be automatically annulled, and the Bond Trustee shall promptly give written notice of such annulment to the Issuer and the Corporation and notice to Bondholders in the same manner as a notice of redemption under Article V hereof; but no such annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(b) The Bond Trustee may, by mandamus, or other suit, action or proceeding at law or in equity, enforce the rights of the Bondholders, and require the Issuer or the Corporation or both of them to carry out the agreements with or for the benefit of the

Bondholders and to perform its or their duties under the Act, the Agreement and this Bond Indenture.

(c) The Bond Trustee may, by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Bondholders but any such judgment against the Issuer shall be enforceable only against the Funds and Accounts hereunder in the hands of the Bond Trustee.

(d) The Bond Trustee may, by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(e) The Bond Trustee may, upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Subject to Section 8.03 hereof, if any Event of Default shall have occurred and if requested by the owners of at least 25% in Aggregate Principal Amount of Bonds then Outstanding and indemnified as provided in Section 9.01(m) hereof (except the remedy under Section 8.02(a) above, for which no indemnity may be required), the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as it, being advised by counsel, shall deem most expedient in the interests of such Bondholders. In the event the Bond Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of owners of Outstanding Bonds, each representing less than a majority of the aggregate principal amount of the Outstanding Bonds, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Section 8.03. Majority of Bondholders May Control Proceedings. Anything in this Bond Indenture to the contrary notwithstanding the owners of at least a majority in Aggregate Principal Amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method, and place of conducting all proceedings, to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Bond Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 9.01(m) hereof is provided to it by such Bondholders.

Section 8.04. Rights and Remedies of Bondholders. No owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other applicable remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in Section 9.01 hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the owners of at

least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in their own names, nor unless they have also offered to the Bond Trustee indemnity as provided in Section 9.01(m) hereof, nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture, and to any action or cause of action for the enforcement of this Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have the right in any manner whatsoever to affect, disturb, or prejudice the lien of this Bond Indenture by his, her, its, or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds then Outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any owner of Bonds to enforce the payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner herein, and in the Bonds expressed.

#### Section 8.05. Application of Moneys.

(a) Subject to the provisions of subparagraph (c) hereof, all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the reasonable expenses, liabilities, and advances incurred or made by the Bond Trustee, be deposited into the Bond Fund, and all moneys so deposited into the Bond Fund and all moneys held in or deposited into the Bond Fund during the continuance of an Event of Default and available for payment of the Bonds under the provisions of Section 3.04 hereof shall (after payment of the reasonable fees and expenses of the Bond Trustee) be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First. To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second. To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon

which they become due at the rate of interest borne by such Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds (together with interest on overdue installments of principal at the rate of interest borne by each Bond), without preference or priority of principal over interest, any other installment of interest, or of any Bond over any other Bond, or of any series of Bonds over any other series of Bonds ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (ii) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the foregoing paragraph (i) of this Section.

D-109 (b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such unpaid Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Notwithstanding the foregoing, any moneys transferred pursuant to this Section into any Account of the Bond Fund from any Reserve Account of the Debt Service Reserve Fund shall be (i) held by the Bond Trustee separate and apart from any other moneys in such Account of the Bond Fund and (ii) applied solely first to the reasonable fees and expenses of the Bond Trustee arising from the Event of Default and then to payment of principal of and interest on the series of Bonds related to such Reserve Account.

(d) Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Bond Trustee and the Paying Agents and all Administration Expenses have been paid, any balance remaining in any funds shall be paid to the Corporation as provided in Section 3.15 hereof; provided, however, that prior to the disbursement of such remaining funds to the Corporation, the Bond Trustee shall have received a certificate of the Master Trustee to the effect that no payments required under the Master

Indenture or any Obligation issued and outstanding thereunder are past due and owing, to the knowledge of the Master Trustee. If any payments are past due and owing under the Master Indenture, the Bond Trustee shall deliver such remaining amounts to or upon the order of the Master Trustee.

Section 8.06. Bond Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Bond Indenture or any of the Bonds Outstanding hereunder may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any owners of the Bonds and any recovery of judgment shall be for the ratable benefit of the owners of the Bonds, subject to the provisions of this Bond Indenture.

Section 8.07. Bond Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Corporation, the Bond Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Bond Trustee and of the Bondholders allowed in such proceedings for the entire amount due and payable by the Issuer under this Bond Indenture or by the Corporation at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Bondholder to file a claim in his, her or its own behalf.

No provision of this Bond Indenture empowers the Bond Trustee to authorize, consent to, accept or adopt on behalf of any Bondholder any plan or reorganization, arrangement, adjustment or composition affecting any of the rights of any Bondholders, or authorizes the Bond Trustee to vote in respect of the claim in any proceeding described in this Section.

In the event the Bond Trustee incurs expenses or renders services in any proceedings affecting the Corporation and described in this Section, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Bond Trustee or of any Bondholder to exercise any right or power accruing upon any default or Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every power and remedy given by this Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. Discontinuance of Proceedings on Default, Position of Parties Restored. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 8.10. Enforcement of Rights. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title, and interest of the Issuer in and to the Agreement (except those rights under Section 5.7, 7.5, and 9.5 thereof) and the Obligations shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article VIII, be the sole real party in interest in respect of, and shall have standing, exclusive of owners of Bonds, to enforce each and every right granted to the Issuer under the Agreement and under the Obligations. The Issuer and the Bond Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Bond Trustee of any and all rights of the Issuer in and to the Obligations and the Agreement shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of this Bond Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Bonds. Subject to Section 9.01 hereof, in exercising such right and the rights given the Bond Trustee under this Article VIII, the Bond Trustee shall take such action as, in the judgment of the Bond Trustee, would best serve the interests of the Bondholders, taking into account the provisions of the Master Indenture, together with the security and remedies afforded to owners of Obligations.

Section 8.11. Undertaking for Costs. All parties to this Bond Indenture agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Bond Indenture, or in any suit against the Bond Trustee for any action taken or omitted by it as Bond Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion access reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Bond Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by a Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective maturities thereof expressed in such Bond (or, in the case of redemption, on or after the redemption date).

Section 8.12. Waiver of Events of Default. The Bond Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that the Bond Trustee may not waive an Event of Default described in subparagraph (a) of Section 8.01 hereof without the written consent of the registered owners of all Bonds then Outstanding.

[End of Article VIII]

## ARTICLE IX CONCERNING THE BOND TRUSTEE AND PAYING AGENTS

Section 9.01. Duties of the Bond Trustee. The Bond Trustee hereby accepts the trust imposed upon it by this Bond Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture. In case an Event of Default has occurred (which has not been cured) the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder, either directly or by or through attorneys, agents, receivers, other professionals, or employees, and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder, and shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, other professionals, and employees as may reasonably be employed in connection with the trust hereof. The Bond Trustee may act upon an Opinion of Counsel or the advice of other professionals and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel or the advice of other professionals.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication by the Bond Trustee endorsed on the Bonds and the acceptance of the trusts hereunder).

(d) The Bond Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or the proceeds thereof, or for any moneys disbursed by the Bond Trustee in accordance with this Bond Indenture. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture or the Bonds. The Bond Trustee is not a party to, is not responsible for, and makes no representations with respect to matters set forth in any official statement, or similar document prepared and distributed in connection with the sale of the Bonds. The Bond Trustee may become the owner of the Bonds with the same rights which it would have if not Bond Trustee.

(e) The Bond Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, teletransmission or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any request or direction of the Issuer or the Corporation mentioned herein shall be sufficiently evidenced by a written request, order, or consent signed in the name of the Issuer or the Corporation, by the Issuer Representative, or the Corporation, as the case may be. Any action taken by the Bond Trustee pursuant to this Bond Indenture upon the request or



authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or matter or as to the sufficiency or validity of any instrument, paper, or proceeding, the Bond Trustee shall be entitled to rely and shall be protected in acting or refraining to act upon a certificate signed on behalf of the Issuer or the Corporation by the Issuer Representative or the Corporation or such other person as may be designated for such purpose by Certified Resolution as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty (except as otherwise herein provided) and the Bond Trustee shall not be answerable for other than its own negligence or willful misconduct, except that:

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

(ii) the Bond 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 Bondholders pursuant to Section 8.02 hereof of at least a majority in Aggregate Principal Amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture; and

(iii) the Bond Trustee shall not be liable if the Bond Trustee reasonably relies in good faith upon an Officer's Certificate delivered pursuant to this Bond Indenture or an Opinion of Counsel.

(h) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by Article III hereof and all documents required to be received by the Bond Trustee hereunder unless the Bond Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding and all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee, must, in order to be effective, be delivered to a Responsible Officer at the designated corporate trust office of the Bond Trustee, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds except to the extent required by this Bond Indenture or law.

(j) At any and all reasonable times the Bond Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any Project, including all books, papers, and records of the Issuer and the Corporation pertaining to any Project and the Bonds.

(k) The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises, and no provision of this Bond Indenture shall require the Bond 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 grounds for believing that repayment of such funds or indemnity satisfactory against such risk or liability is not assured to it.

(l) Notwithstanding anything in this Bond Indenture contained, the Bond Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinion, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Bond Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Bond Trustee.

(m) Before taking any action under this Section or Article VIII hereof, the Bond Trustee may require that indemnity reasonably satisfactory to it be furnished to it for the reimbursement of its fees, costs, liabilities and all expenses (including attorneys' fees) which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken. The Bond Trustee shall have no duty to advance its own funds for any reason or to take any action for which it has not been adequately indemnified or which might be contrary to applicable law.

(n) Except as provided in Section 9.01(a) above, it shall not be the duty of the Bond Trustee, except as expressly provided herein, to see that any duties or obligations imposed herein or in the Agreement or the Disbursement Agreement upon the Issuer, the Corporation, or other Persons are performed. The Bond Trustee shall not be liable or responsible because of the failure of the Issuer, the Corporation, or other Persons to perform any act required of them pursuant to the terms of this Bond Indenture.

(o) In acting or omitting to act pursuant to the provisions of the Agreement or the Disbursement Agreement, the Bond Trustee shall be entitled to and be protected by the rights and immunities accorded to it by the terms of this Bond Indenture.

(p) In the event the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a

majority in aggregate principal amount of the Bonds Outstanding, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(q) The Bond Trustee's immunities and protections from liability in connection with the performance of its duties under this Bond Indenture shall extend to the Bond Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Bond Trustee's right to compensation, shall survive the Bond Trustee's resignation or removal and final payment of the Bonds.

Section 9.02. Fees and Expenses of Bond Trustee and Paying Agent. The Issuer agrees, but solely from any funds received from the Corporation pursuant to the Agreement,

(a) to pay to the Bond Trustee, each Paying Agent and all other agents their reasonable and necessary fees for services rendered hereunder as and when the same become due and all expenses (including attorneys' fees) reasonably and necessarily made or incurred by the Bond Trustee, such Paying Agent or such other agent in connection with such services as and when the same become due as provided in Section 3.13 hereof; and

(b) to reimburse the Bond Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bond Trustee in accordance with any provisions of this Bond Indenture (including the reasonable compensation, expenses, and disbursements of its agents and counsel), except any such expense, disbursement, or advance as may be attributable to the negligence or bad faith of the Bond Trustee. The foregoing shall not affect the prescribed application of moneys after an Event of Default set forth in Section 8.05 hereof.

So long as no Event of Default has occurred and is continuing, as security for the performance of the obligations of the Issuer under this Section, the Bond Trustee shall be secured under this Bond Indenture by a lien subject and subordinate to the Bonds, in the case of money held for the credit of the Construction Fund or the Debt Service Reserve Fund, and otherwise prior to the Bonds, and for the payment of the expenses and reimbursements due hereunder, the Bond Trustee shall have the right to use and apply any trust funds held by it hereunder, unless held or required to be held in the Construction Fund or the Debt Service Reserve Fund.

Section 9.03. Resignation or Replacement of Bond Trustee. The present or any future Bond Trustee may resign by giving to the Issuer, the Corporation and each Bondholder thirty days' notice of such resignation. Such resignation shall not be effective until such time as a successor Bond Trustee shall have accepted its appointment. The present or any future Bond Trustee may be removed (a) at any time by an instrument in writing executed by the owners of at least a majority in Aggregate Principal Amount of Bonds Outstanding or (b) if an Event of Default hereunder has not occurred and is continuing, by an instrument in writing executed by the Corporation.

In case the present or any future Bond Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Bondholders, or their attorneys in fact duly appointed; provided that the Issuer may, by an instrument executed by order of the Board of Directors,

appoint a successor until a new successor shall be appointed by the Bondholders as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to each Bondholder and to the Corporation, which notice may be given concurrently with the notice of resignation given by any resigning Bond Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding. In the event that the Issuer does not so act within thirty days after notice of resignation, the Bond Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Bond Trustee.

Every successor Bond Trustee shall always be a bank, banking corporation or trust company with trust powers in good standing, qualified to act hereunder, and having a combined capital and surplus of not less than \$50,000,000. Any successor appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the predecessor Bond Trustee an instrument accepting such appointment hereunder and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as Bond Trustee herein; but the Bond Trustee retiring shall (except as provided in Section 9.04 hereof), nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, except for the predecessors rights to any indemnity provided to it. The predecessor Bond Trustee shall, upon payment of the expenses, charges and other disbursements which are due and owing to it pursuant to Sections 3.13 and 9.02 hereof, duly assign, transfer and deliver to the successor all properties and moneys held by it under this Bond Indenture. Should any instrument in writing from the Issuer be required by any successor for more fully and certainly vesting in and confirming to it all of such estates, properties, rights, powers, and trusts, the Issuer shall, on request of such successor, make, execute, acknowledge, and deliver the deeds, conveyances, and necessary instruments in writing.

The notices herein provided for shall be given by mailing a copy thereof to the Corporation and the registered owners of the Bonds at their addresses as the same shall last appear on the registration books. The instruments evidencing the resignation or removal of the Bond Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Bond Trustee in each recording office where this Bond Indenture shall have been filed and/or recorded.

Section 9.04. Conversion, Consolidation or Merger of Bond Trustee. Any bank, banking corporation or trust company into which the Bond Trustee merges or is consolidated, or to which it (or a receiver on its behalf) may sell or transfer its corporate trust business as a whole, or substantially as a whole, shall be the successor of the Bond Trustee under this Bond Indenture with the same rights, powers, duties, and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor except for the predecessor's rights under Section 9.02 hereof, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have authenticated, but not delivered, any successor Bond Trustee may adopt the certificate of any predecessor Bond Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Bond Trustee may authenticate such Bonds in the name of such successor Bond Trustee.

Section 9.05. Designation and Succession of Paying Agent. The Bond Trustee and any other banks or trust companies, if any, designated as Paying Agent or Paying Agents in any supplemental indenture providing for the issuance of Additional Bonds, shall be the Paying Agent or Paying Agents for the applicable series of Bonds.

Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Bond Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within thirty days thereafter, appoint such bank or trust company as shall be specified by the Corporation and located in the same city as such Paying Agent to fill such vacancy; provided, however, that if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Trustee shall make such appointment.

The Paying Agents, if any, shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to the Bond Trustee insofar as such provisions may be applicable.

Section 9.06. Filing of Financing Statements. Pursuant to Section 4.03 hereof, the Corporation shall file or record or cause to be filed or recorded all financing statements and continuation statements that are required in order fully to protect and preserve the security interests granted to the Bond Trustee herein and the priority thereof and the rights and powers of the Bond Trustee in connection therewith. The Bond Trustee shall file or record or cause to be filed or recorded a continuation statements for the purpose of continuing without lapse the effectiveness of (i) those financing statements which shall have been filed at or prior to the issuance of the Series 2020 Bonds in connection with the security for the Series 2020 Bonds and (ii) any previously filed continuation statements that shall have been filed as required herein, to the extent that thirty days prior to the termination date for any financing or continuation statement, the Corporation has not filed a continuation statement.

[End of Article IX]

## ARTICLE X SUPPLEMENTAL INDENTURES AND AMENDMENTS TO THE AGREEMENT

Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may, without the consent of, or notice to, the Bondholders, enter into such indentures or agreements supplemental hereto (which supplemental indentures or agreements shall thereafter form a part hereof) for any one or more or all of the following purposes:

First. To add to the covenants and agreements in this Bond Indenture contained other covenants and agreements thereafter to be observed for the protection or benefit of the Bondholders.

Second. To cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained in this Bond Indenture, or to make any provisions with respect to matters arising under this Bond Indenture or for any other purpose if such provisions are necessary or desirable and do not, in the judgment of the Bond Trustee, adversely affect the interests of the owners of Bonds.

Third. To subject to this Bond Indenture additional revenues, properties, or collateral.

Fourth. To qualify this Bond Indenture under the Trust Indenture Act of 1939, if such be hereafter required in the Opinion of Counsel.

Fifth. To set forth the terms and conditions of Additional Bonds issued pursuant to Sections 2.09 and 2.10 hereof.

Sixth. To satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds.

Seventh. To maintain the extent to which the interest on the Series 2020 Bonds is not includable in the gross income of the recipients thereof, if in the opinion of Bond Counsel such supplemental indenture or agreement is necessary.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 hereof, the owners of not less than a majority in aggregate principal amount of the Bonds of all series then Outstanding affected thereby, in case one or more but less than all series of Bonds then Outstanding hereunder are so affected, shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Bond Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture; provided, however, that without the consent of the owners of all the Bonds at the time Outstanding nothing herein contained shall permit, or be construed as permitting any of the following:

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond or any date for mandatory redemption thereof, or reduce the principal amount

thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or 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) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such supplemental indenture, or the consent of whose owners is required for any waiver (of compliance with certain provisions of this Bond Indenture or certain defaults hereunder and their consequences) provided for in this Bond Indenture, or

(c) modify any of the provisions of this Section or Section 8.12, except to increase any such percentage or to provide that certain other provisions of this Bond Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with respect to an Outstanding Bond, with the consent of the owners of at least eighty percent (80%) in aggregate principal amount of all Outstanding Bonds; provided, however, any such amendment shall not result in a change in preference or priority of any Bond over any other Bond and no such amendment described in clauses (a), (b), or (c) shall result in a disproportionate change, reduction or modification with respect to any Bonds.

Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

If at any time the Issuer shall request the Bond Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to costs, fees and expenses (including attorneys' fees), cause notice of the proposed execution of such supplemental indenture to be mailed to the registered owners of the Bonds at their addresses as the same last appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated office of the Bond Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Bond Trustee is authorized to join with the Issuer in the execution of any such supplemental indenture and to make further

agreements and stipulations which may be contained therein, but the Bond Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties, or immunities under this Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of a supplemental indenture is authorized or permitted by this Bond Indenture and has been effected in compliance with the provisions hereof. In connection with a supplemental indenture entered into pursuant to clause Second of Section 10.01 hereof, the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bondholders would be affected by modification or amendment of this Bond Indenture, and any such determination shall be binding and conclusive upon the Issuer, the Corporation, and Bondholders. The Bond Trustee may receive an Opinion of Counsel as conclusive evidence as to whether the Bondholders would be so affected by any such modification or amendment to this Bond Indenture.

Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Bond Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Bond Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any, if deemed necessary or desirable by the Bond Trustee.

Section 10.04. Consent of Corporation. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Corporation shall have consented in writing to the execution and delivery of such supplemental indenture unless the Corporation is in default under the Agreement or an Event of Default described under Section 8.01(a), (b) or (c) hereunder has occurred and is continuing, in which case no consent of the Corporation shall be required. The Bond Trustee shall cause notice of the proposed execution of any supplemental indenture together with a copy of the proposed supplemental indenture to be mailed to the Corporation at least fifteen days prior to the proposed date of execution of such supplemental indenture.

Section 10.05. Amendments, Etc., of the Agreement Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Agreement as may be required (i) by the provisions of the Agreement and this Bond Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the issuance of Additional Bonds as herein provided, (iv) to satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds, (v) to maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the opinion of Bond Counsel such amendment is necessary, and (vi) in connection with any other change therein which does not adversely affect the Bond Trustee or the owners of the Bonds.

Section 10.06. Amendments, Etc., of the Agreement Requiring Consent of Bondholders. Except for the amendments, changes, or modifications as provided in Section 10.05 hereof, neither the Issuer nor the Bond Trustee shall consent to any other amendment, change, or modification of the Agreement without the giving of notice to and the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in Section 10.02 hereof. If at any time the

Issuer and the Corporation shall request the consent of the Bond Trustee to any such proposed amendment, change, or modification of the Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Bond Trustee for inspection by all Bondholders.

In executing any amendment, change or modification of the Agreement, the Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of such amendment, change, modification of the Agreement is authorized or permitted by this Bond Indenture and the Agreement and has been effected in compliance with the provisions of this Bond Indenture and the Agreement. The Bond Trustee may, but shall not be obligated to, enter into any such amendment, change, or modification which affects the Bond Trustee's own rights, duties or immunities. In connection with any amendment, change or modification in connection with Section 10.05(vi), the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bond Trustee or the Bondholders would be prejudiced by such amendment, change, modification. Any such determination shall be binding and conclusive on the Issuer, the Corporation, and the Bondholders. The Bond Trustee may receive an Opinion of Counsel as conclusive evidence as to whether the Bondholders would be so affected by any such amendment, change, or modification of the Agreement.

[End of Article X]

## ARTICLE XI MISCELLANEOUS

Section 11.01. Evidence of Signature of Bondholders and Ownership of Bonds. Any request, consent, or other instrument which this Bond Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or of the ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Bond Trustee may, nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any fully registered Bond and the amount and numbers of such Bonds and the date of holding the same shall be proved by the registration books of the Issuer kept by the Bond Trustee. Any request or consent of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Bond Trustee in accordance therewith.

Section 11.02. No Personal Liability. No recourse under or upon any obligation, covenant or agreement contained in this Bond Indenture, or in any Bond hereby secured, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond Indenture, shall be had against any officer, member, director, agent or employee, as such, past, present or future, of any of the Issuer or the Bond Trustee, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond issued hereunder or otherwise of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such person to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof or for or to the holder of any Bond issued hereunder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issue of such Bonds.

Section 11.03. Limited Obligation. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from revenues and other moneys and assets received by the Bond Trustee pursuant to the Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in

connection with the Agreement, the Bonds or this Bond Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under the Agreement.

The Bond Trustee hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Bond Trustee pursuant to the Agreement, together with investment income on certain Funds and Accounts held by the Bond Trustee under this Bond Indenture, and hereby agrees that if the payments to be made under the Agreement shall ever prove insufficient to pay all principal of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Bond Trustee shall give notice to the Corporation in accordance with Article VIII of this Bond Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Corporation, the Issuer or any third party, subject to any right of reimbursement from the Bond Trustee, the Issuer or any such third party, as the case may be, therefor.

Notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have no obligation to and instead the Bond Trustee may, without further direction from the Issuer, take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer (other than those specifically retained by the Issuer pursuant to this Bond Indenture) under this Bond Indenture or the Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Corporation under the Agreement.

Section 11.04. Parties Interested Herein. With the exception of rights herein expressly conferred on the Corporation, nothing in this Bond Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Issuer, the Bond Trustee, the Paying Agents, and the owners of the Bonds, any right, remedy, or claim under or by reason of this Bond Indenture, and any covenants, stipulations, promises, and agreements in this Bond Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Bond Trustee, the Paying Agents, and the owners of the Bonds. The Series 2020D Bond Trustee is a third party beneficiary under this Bond Indenture with respect to the provisions of Sections 8.13 and 10.02 hereof.

Section 11.05. Titles, Headings, Etc. The titles and headings of the articles, sections, and subdivisions of this Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.06. Severability. In the event any provision of this Bond Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.07. Governing Law. This Bond Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.08. Execution of Counterparts. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.09. Notices. Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

- (a) The date of notice by telefax, telecopy, or similar telecommunications, which is confirmed promptly in writing;
- (b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail;
- (c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above.

The address for notice for each of the parties shall be as follows:

Issuer:

Palm Beach County Health Facilities Authority  
c/o Haile, Shaw & Pfaffenberger, P.A.  
660 U.S. Highway One, Third Floor  
North Palm Beach, Florida 33408  
Attention: John F. Flanagan, Esq.  
Telephone: (561) 627-8100  
Telecopier: (561) 622-7603

Obligor:

Federation CCRC Operations Corp.  
9901 Donna Klein Boulevard  
Boca Raton, Florida 33428  
Attention: President  
Telephone: (561) 852-3100  
Telecopier: (561) 852-3265

Bond Trustee:

U.S. Bank National Association  
500 West Cypress Creek Road, Suite 460  
Fort Lauderdale, Florida 33309  
Attention: Corporate Trust Services  
Telephone: (954) 938-2475  
Telecopier: (954) 202-2082

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

Section 11.10. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Bond Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the nominal date provided in this Bond Indenture.

Section 11.11. Holders of Series 2020 Bonds Deemed Holders of Obligations. In the event that any request, direction or consent is required or permitted by the Master Indenture of the registered owners of Obligations issued thereunder, including Series 2020 Obligations, the Holders of the Series 2020 Bonds then Outstanding shall be deemed to be registered owners of Series 2020 Obligations for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Series 2020 Bonds then Outstanding held by each such Holder of Series 2020 Bonds bears to the aggregate principal amount of all Series 2020 Bonds then Outstanding. The provisions of this Section 11.11 and of Article IX of the Master Indenture shall govern the execution of any such request, direction, consent or other instrument in writing required or permitted to be signed by the Holders and registered owners of Series 2020 Obligations.

Section 11.12. Patriot Act Requirements of Trustee

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identified each person who opens an account. For a non-individual person such as business entity, a charity, a trust, or other legal entity, the Bond Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Bond Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[End of Article XI]

IN WITNESS WHEREOF, Palm Beach County Health Facilities Authority has caused this Bond Indenture to be executed on its behalf by its authorized signatories, and U.S. Bank National Association has caused this Bond Indenture to be executed on its behalf by its duly authorized officer to evidence its acceptance of the trusts hereby created, all as of the date first above written.

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

(SEAL)

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

Attest:

By: \_\_\_\_\_  
Designated Member

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

By: \_\_\_\_\_  
Assistant Vice President

**EXHIBIT A**

**FORM OF SERIES 2020 BONDS**

(FORM OF SERIES 2020A BOND)

**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
REVENUE BONDS  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020A**

No. RA-\_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Delivery Date	Dated	Cusip
_____%	June 1, 20__	September __, 2020	September __, 2020	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

D-118 PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY, or its successors and assigns, duly organized and existing under the laws of the State of Florida (the "Issuer"), for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2020A Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on June 1 and December 1 of each year, commencing December 1, 2020, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2020A Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date set forth above.

THIS SERIES 2020A BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE ISSUER, THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE ISSUER. THIS SERIES 2020A BOND DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS SERIES 2020A BOND. THIS SERIES 2020A BOND IS PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR ITS PAYMENT IN ACCORDANCE WITH THE BOND INDENTURE AND THE HEREINAFTER DEFINED AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2020A BONDS NOR THE FAITH AND CREDIT OF THE ISSUER SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL

OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SERIES 2020A BOND. THE ISSUER HAS NO TAXING POWER.

This Series 2020A Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including particularly Chapters 154, Part III and 159, Part II, Florida Statutes, as amended. This Series 2020A Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2020A Bond are payable upon the presentation and surrender hereof at the Fort Lauderdale, Florida, trust office of U.S. Bank National Association, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under an Indenture of Trust dated as of September 1, 2020 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Series 2020A Bond will be paid on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2020A Bond is registered (the "registered owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2020A Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of such Series 2020A Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2020A Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2020A Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2020A Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2020A Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2020A Bond is one of a duly authorized issue of bonds of the Issuer dated September \_\_, 2020, known as "Palm Beach County Health Facilities Authority Revenue Bonds



(Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A” (the “Series 2020A Bonds”) and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$\_\_\_\_\_ for the purpose of providing funds to be loaned to Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State (the “Corporation”), to be used to finance the cost of the expansion of a continuing care retirement community located in Palm Beach County, Florida (the “Project”), fund a debt service reserve fund, fund capitalized interest and pay a portion of the cost of issuance.

To provide for its loan repayment obligations, the Corporation has issued its Series 2020A Obligation (the “Series 2020A Obligation”) in connection with a Loan Agreement dated as of September 1, 2020, between the Issuer and the Corporation (the “Agreement”). The Series 2020A Obligation is issued pursuant to a Master Trust Indenture dated as of May 1, 2014, between the Corporation and U.S. Bank National Association, as master trustee (the “Master Trustee”) and a Supplemental Indenture Number 3, dated as of September 1, 2020 between the Corporation and the Master Trustee (collectively, the “Master Indenture”). Pursuant to the Master Indenture, the Corporation has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2020A Obligation. The Issuer, on behalf of the Corporation, has also issued its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-1 Bonds”), its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-2 Bonds”) and its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable) in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020C Bonds”) under the Bond Indenture, which will be on a parity with the Series 2020A Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2020A Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2020A Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement and the Master Indenture. The Series 2020A Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2020A Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, member, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Series 2020A Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2020A Bond.

Neither the directors, members, incorporators, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2020A Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2020A Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. Such additional Bonds may be issued at different times, in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds, the Series 2020C Bonds and such additional Bonds are herein collectively called the “Bonds.” Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Series 2020A Bonds, and the terms and conditions upon which the Series 2020A Bonds are, and are to be, secured.

The Series 2020A Bonds are subject to redemption and purchase in lien of redemption prior to maturity as set forth in the Bond Indenture.

The Series 2020A Bonds are issuable as fully registered Series 2020A Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2020A Bonds are exchangeable for an equal principal amount of fully registered Series 2020A Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2020A Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2020 Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2020A Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2020A Bond after the mailing of notice calling such Series 2020A Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2020A Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2020A Bond shall be paid free from and without regard to any equities between the Corporation and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2020A Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2020A Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2020A Bonds may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2020A Bonds then Outstanding. Any such consent by the owner of this Series 2020A Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2020A Bond and of any Series 2020A Bond issued upon the transfer or exchange of this Series 2020A Bond whether or not notation of such consent is made upon this Series 2020A 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 the execution and delivery of the Bond Indenture and issuance of this Series 2020A Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2020A BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Palm Beach County Health Facilities Authority has caused this Series 2020A Bond to be executed with the manual or facsimile signatures of its Authorized Signatories and its official seal to be hereto affixed or printed, all as of the date set forth above.

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

(SEAL)

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

Attest:

\_\_\_\_\_  
Authorized Signatory

**(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)**

This is one of the Series 2020A Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

U.S. Bank National Association,  
as Bond Trustee

\_\_\_\_\_

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

**(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)**

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Series 2020A Bond, and does hereby irrevocably constitute and appoint attorney to transfer such Series 2020A Bond on the books kept for registration and transfer of the within Series 2020A Bond, with full power of substitution in the premises.

Date: \_\_\_\_\_ NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2020A Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

\* \* \* [END OF SERIES 2020A BOND FORM] \* \* \*

(FORM OF SERIES 2020B-1 BOND)

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
ENTRANCE FEE PRINCIPAL REDEMPTION BONDS <sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020B-1

No. RB1-\_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Delivery Date	Dated	Cusip
_____ %	June 1, 20__	September __, 2020	September __, 2020	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY, or its successors and assigns, duly organized and existing under the laws of the State of Florida (the "Issuer"), for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2020B-1 Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on June 1 and December 1 of each year, commencing December 1, 2020, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2020B-1 Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date set forth above.

THIS SERIES 2020B-1 BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE ISSUER, THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE ISSUER. THIS SERIES 2020B-1 BOND DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS SERIES 2020B-1 BOND. THIS SERIES 2020B-1 BOND IS PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR ITS PAYMENT IN ACCORDANCE WITH THE BOND INDENTURE AND THE HEREINAFTER DEFINED AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2020B-1 BONDS NOR THE FAITH AND CREDIT OF THE ISSUER SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SERIES 2020B-1 BOND. THE ISSUER HAS NO TAXING POWER.

This Series 2020B-1 Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including particularly Chapters 154, Part

III and 159, Part II, Florida Statutes, as amended. This Series 2020B-1 Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2020B-1 Bond are payable upon the presentation and surrender hereof at the Fort Lauderdale, Florida, trust office of U.S. Bank National Association, as trustee, or at the designated corporate trust office of its successor in trust (the “Bond Trustee”) under an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”) by and between the Issuer and the Bond Trustee. Interest on this Series 2020B-1 Bond will be paid on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2020B-1 Bond is registered (the “registered owner”) in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such Interest Payment Date (the “Regular Record Date”) or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2020B-1 Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of such Series 2020B-1 Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2020B-1 Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2020B-1 Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, “Securities Depository”). The book entry system will evidence beneficial ownership of the Series 2020B-1 Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2020B-1 Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2020B-1 Bond is one of a duly authorized issue of bonds of the Issuer dated September \_\_, 2020, known as “Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1” (the “Series 2020B-1 Bonds”) and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$\_\_\_\_\_ for the purpose of providing funds to be loaned to Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State (the “Corporation”), to be used to finance the cost of the

expansion of a continuing care retirement community located in Palm Beach County, Florida (the “Project”), fund a debt service reserve fund, fund capitalized interest and pay a portion of the cost of issuance.

To provide for its loan repayment obligations, the Corporation has issued its Series 2020B-1 Obligation (the “Series 2020B-1 Obligation”) in connection with a Loan Agreement dated as of September 1, 2020, between the Issuer and the Corporation (the “Agreement”). The Series 2020B-1 Obligation is issued pursuant to a Master Trust Indenture dated as of May 1, 2014, between the Corporation and U.S. Bank National Association, as master trustee (the “Master Trustee”) and a Supplemental Indenture Number 3, dated as of September 1, 2020 between the Corporation and the Master Trustee (collectively, the “Master Indenture”). Pursuant to the Master Indenture, the Corporation has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2020B-1 Obligation. The Issuer, on behalf of the Corporation, has also issued its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020A Bonds”), its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-2 Bonds”) and its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable) in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020C Bonds”) under the Bond Indenture, which will be on a parity with the Series 2020B-1 Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2020B-1 Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2020B-1 Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement and the Master Indenture. The Series 2020B-1 Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2020B-1 Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, member, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Series 2020B-1 Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2020B-1 Bond.

Neither the directors, members incorporators, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2020B-1 Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or

otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2020B-1 Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C bonds. Such additional Bonds may be issued at different times, in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds, the Series 2020C Bonds and such additional Bonds are herein collectively called the "Bonds." Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Series 2020B-1 Bonds, and the terms and conditions upon which the Series 2020B-1 Bonds are, and are to be, secured.

The Series 2020B-1 Bonds are subject to redemption and purchase in lien of redemption prior to maturity as set forth in the Bond Indenture.

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The Series 2020B-1 Bonds are issuable as fully registered Series 2020B-1 Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2020B-1 Bonds are exchangeable for an equal principal amount of fully registered Series 2020B-1 Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2020B-1 Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2020B-1 Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2020B-1 Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2020B-1 Bond after the mailing of notice calling such Series 2020B-1 Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2020B-1 Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the

contrary. The principal of, premium, if any, and interest on this Series 2020B-1 Bond shall be paid free from and without regard to any equities between the Corporation and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2020B-1 Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2020B-1 Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2020B-1 Bonds may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2020B-1 Bonds then Outstanding. Any such consent by the owner of this Series 2020B-1 Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2020B-1 Bond and of any Series 2020B-1 Bond issued upon the transfer or exchange of this Series 2020B-1 Bond whether or not notation of such consent is made upon this Series 2020B-1 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 the execution and delivery of the Bond Indenture and issuance of this Series 2020B-1 Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2020B-1 BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Palm Beach County Health Facilities Authority has caused this Series 2020B-1 Bond to be executed with the manual or facsimile signatures of its Authorized Signatories and its official seal to be hereto affixed or printed, all as of the date set forth above.

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

(SEAL)

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

Attest:

\_\_\_\_\_  
Authorized Signatory

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2020B-1 Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

U.S. Bank National Association,  
as Bond Trustee

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

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Series 2020B-1 Bond, and does hereby irrevocably constitute and appoint attorney to transfer such Series 2020B-1 Bond on the books kept for registration and transfer of the within Series 2020B-1 Bond, with full power of substitution in the premises.

Date: \_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2020A Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By:

\_\_\_\_\_  
Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

\* \* \* [END OF SERIES 2020B-1 BOND FORM] \* \* \*

(FORM OF SERIES 2020B-2 BOND)

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020B-2

No. RB2-\_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Delivery Date	Dated	Cusip
_____%	June 1, 20__	September __, 2020	September __, 2020	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

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PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY, or its successors and assigns, duly organized and existing under the laws of the State of Florida (the "Issuer"), for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2020B-2 Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on June 1 and June 1 of each year, commencing December 1, 2020, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2020B-2 Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date set forth above.

THIS SERIES 2020B-2 BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE ISSUER, THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE ISSUER. THIS SERIES 2020B-2 BOND DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS SERIES 2020B-2 BOND. THIS SERIES 2020B-2 BOND IS PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR ITS PAYMENT IN ACCORDANCE WITH THE BOND INDENTURE AND THE HEREINAFTER DEFINED AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2020B-2 BONDS NOR THE FAITH AND CREDIT OF THE ISSUER SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SERIES 2020B-2 BOND. THE ISSUER HAS NO TAXING POWER.

This Series 2020B-2 Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including particularly Chapters 154, Part III and 159, Part II, Florida Statutes, as amended. This Series 2020B-2 Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2020B-2 Bond are payable upon the presentation and surrender hereof at the Fort Lauderdale, Florida, trust office of U.S. Bank National Association, as trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under an Indenture of Trust dated as of September 1, 2020 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Series 2020B-2 Bond will be paid on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2020B-2 Bond is registered (the "registered owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2020B-2 Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of such Series 2020B-2 Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2020B-2 Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2020B-2 Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2020B-2 Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2020B-2 Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2020B-2 Bond is one of a duly authorized issue of bonds of the Issuer dated September \_\_, 2020, known as "Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2" (the "Series 2020B-2 Bonds") and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$ \_\_\_\_\_ for the purpose of providing funds to be

loaned to Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State (the “Corporation”), to be used to finance the cost of the expansion of a care retirement community located in Palm Beach County, Florida (the “Project”), fund a debt service reserve fund, fund capitalized interest and pay a portion of the cost of issuance.

To provide for its loan repayment obligations, the Corporation has issued its Series 2020B-2 Obligation (the “Series 2020B-2 Obligation”) in connection with a Loan Agreement dated as of September 1, 2020, between the Issuer and the Corporation (the “Agreement”). The Series 2020B-2 Obligation is issued pursuant to a Master Trust Indenture dated as of May 1, 2014, between the Corporation and U.S. Bank National Association, as master trustee (the “Master Trustee”) and a Supplemental Indenture Number 3, dated as of September 1, 2020 between the Corporation and the Master Trustee (collectively, the “Master Indenture”). Pursuant to the Master Indenture, the Corporation has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2020B-2 Obligation. The Issuer, on behalf of the Corporation, has also issued its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020A Bonds”), its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-1 Bonds”) its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable) in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020C Bonds”) under the Bond Indenture, which will be on a parity with the Series 2020B-2 Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2020B-2 Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2020B-2 Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement and the Master Indenture. The Series 2020B-2 Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2020B-2 Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, member, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Series 2020B-2 Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2020B-2 Bond.

Neither the directors, members, incorporators, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2020B-2 Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any

constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2020B-2 Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. Such additional Bonds may be issued at different times, in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds, the Series 2020C Bonds and such additional Bonds are herein collectively called the “Bonds.” Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Series 2020B-2 Bonds, and the terms and conditions upon which the Series 2020B-2 Bonds are, and are to be, secured.

The Series 2020B-2 Bonds are subject to redemption and purchase in lien of redemption prior to maturity as set forth in the Bond Indenture.

The Series 2020B-2 Bonds are issuable as fully registered Series 2020B-2 Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2020B-2 Bonds are exchangeable for an equal principal amount of fully registered Series 2020B-2 Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2020B-2 Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2020B-2 Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2020B-2 Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2020B-2 Bond after the mailing of notice calling such Series 2020B-2 Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2020B-2 Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other



purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2020B-2 Bond shall be paid free from and without regard to any equities between the Corporation and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2020B-2 Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2020B-2 Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2020B-2 Bonds may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2020B-2 Bonds then Outstanding. Any such consent by the owner of this Series 2020B-2 Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2020B-2 Bond and of any Series 2020B-2 Bond issued upon the transfer or exchange of this Series 2020B-2 Bond whether or not notation of such consent is made upon this Series 2020B-2 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 the execution and delivery of the Bond Indenture and issuance of this Series 2020B-2 Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2020B-2 BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Palm Beach County Health Facilities Authority has caused this Series 2020B-2 Bond to be executed with the manual or facsimile signatures of its Authorized Signatories and its official seal to be hereto affixed or printed, all as of the date set forth above.

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

(SEAL)

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

Attest:

\_\_\_\_\_  
Authorized Signatory

**(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)**

This is one of the Series 2020B-2 Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

U.S. Bank National Association,  
as Bond Trustee

\_\_\_\_\_

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

**(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)**

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[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Series 2020B-2 Bond, and does hereby irrevocably constitute and appoint attorney to transfer such Series 2020B-2 Bond on the books kept for registration and transfer of the within Series 2020B-2 Bond, with full power of substitution in the premises.

Date: \_\_\_\_\_ NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2020B-2 Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

\* \* \* [END OF SERIES 2020B-2 BOND FORM] \* \* \*

(FORM OF SERIES 2020C BOND)

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
ENTRANCE FEE PRINCIPAL REDEMPTION BONDS <sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020C (TAXABLE)

No. RC- \_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Delivery Date	Dated	Cusip
_____ %	June 1, 20__	September __, 2020	September __, 2020	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY, or its successors and assigns, duly organized and existing under the laws of the State of Florida (the "Issuer"), for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2020C Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on June 1 and June 1 of each year, commencing December 1, 2020, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2020C Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date set forth above.

THIS SERIES 2020C BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE ISSUER, THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE ISSUER. THIS SERIES 2020C BOND DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THIS SERIES 2020C BOND. THIS SERIES 2020C BOND IS PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR ITS PAYMENT IN ACCORDANCE WITH THE BOND INDENTURE AND THE HEREINAFTER DEFINED AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2020C BONDS NOR THE FAITH AND CREDIT OF THE ISSUER SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS SERIES 2020C BOND. THE ISSUER HAS NO TAXING POWER.

This Series 2020C Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including particularly Chapters 154, Part

III and 159, Part II, Florida Statutes, as amended. This Series 2020C Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2020C Bond are payable upon the presentation and surrender hereof at the Fort Lauderdale, Florida, trust office of U.S. Bank National Association, as trustee, or at the designated corporate trust office of its successor in trust (the “Bond Trustee”) under an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”) by and between the Issuer and the Bond Trustee. Interest on this Series 2020C Bond will be paid on each Interest Payment Date (or, if such Interest Payment Date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2020C Bond is registered (the “registered owner”) in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such Interest Payment Date (the “Regular Record Date”) or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2020C Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (as defined in the Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of such Series 2020C Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Series 2020C Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2020C Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, “Securities Depository”). The book entry system will evidence beneficial ownership of the Series 2020C Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Series 2020C Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2020C Bond is one of a duly authorized issue of bonds of the Issuer dated September \_\_, 2020, known as “Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable)” (the “Series 2020C Bonds”) and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$\_\_\_\_\_ for the purpose of providing funds to be loaned to Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State (the “Corporation”), to be used to finance the cost of the expansion of a care retirement community located in Palm Beach County, Florida (the

“Project”), fund a debt service reserve fund, fund capitalized interest and pay a portion of the cost of issuance.

To provide for its loan repayment obligations, the Corporation has issued its Series (Ta Obligation (the “Series 2020C Obligation”) in connection with a Loan Agreement dated as of September 1, 2020, between the Issuer and the Corporation (the “Agreement”). The Series 2020C Obligation is issued pursuant to a Master Trust Indenture dated as of May 1, 2014, between the Corporation and U.S. Bank National Association, as master trustee (the “Master Trustee”) and a Supplemental Indenture Number 3, dated as of September 1, 2020 between the Corporation and the Master Trustee (collectively, the “Master Indenture”). Pursuant to the Master Indenture, the Corporation has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2020C Obligation. The Issuer, on behalf of the Corporation, has also issued its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020A Bonds”), its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-1 Bonds”) its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 in the aggregate principal amount of \$\_\_\_\_\_ (the “Series 2020B-2 Bonds”) under the Bond Indenture, which will be on a parity with the Series 2020C Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2020C Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2020C Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement and the Master Indenture. The Series 2020C Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Series 2020C Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, member, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Series 2020C Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2020C Bond.

Neither the directors, members, incorporators, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Series 2020C Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in

consideration for the execution of the Bond Indenture and the issuance of this Series 2020C Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds. Such additional Bonds may be issued at different times, in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020C Bonds, the Series 2020C Bonds and such additional Bonds are herein collectively called the “Bonds.” Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Series 2020C Bonds, and the terms and conditions upon which the Series 2020C Bonds are, and are to be, secured.

The Series 2020C Bonds are subject to redemption and purchase in lien of redemption prior to maturity as set forth in the Bond Indenture.

The Series 2020C Bonds are issuable as fully registered Series 2020C Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2020C Bonds are exchangeable for an equal principal amount of fully registered Series 2020C Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2020C Bond is fully transferable by the registered owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2020C Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2020C Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2020C Bond after the mailing of notice calling such Series 2020C Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2020C Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2020C Bond shall be paid free from and

without regard to any equities between the Corporation and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2020C Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2020C Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2020C Bonds may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2020C Bonds then Outstanding. Any such consent by the owner of this Series 2020C Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2020C Bond and of any Series 2020C Bond issued upon the transfer or exchange of this Series 2020C Bond whether or not notation of such consent is made upon this Series 2020C 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 the execution and delivery of the Bond Indenture and issuance of this Series 2020C Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2020C BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the Palm Beach County Health Facilities Authority has caused this Series 2020C Bond to be executed with the manual or facsimile signatures of its Authorized Signatories and its official seal to be hereto affixed or printed, all as of the date set forth above.

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

(SEAL)

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

Attest:

\_\_\_\_\_  
Authorized Signatory

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2020C Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

U.S. Bank National Association,  
as Bond Trustee

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

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Series 2020C Bond, and does hereby irrevocably constitute and appoint attorney to transfer such Series 2020C Bond on the books kept for registration and transfer of the within Series 2020C Bond, with full power of substitution in the premises.

Date: \_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Series 2020C Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By:

\_\_\_\_\_  
Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

\* \* \* [END OF SERIES 2020C BOND FORM] \* \*

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**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**

**AND**

**FEDERATION CCRC OPERATIONS CORP.**

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**LOAN AGREEMENT**

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**DATED AS OF SEPTEMBER 1, 2020**

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**PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
REVENUE BONDS  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON  
EXPANSION)  
SERIES 2020**

**CONSISTING OF:**

**\$ \_\_\_\_\_ SERIES 2020A**  
**\$ \_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES 2020B-1**  
**\$ \_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES 2020B-2**  
**\$ \_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup> SERIES 2020C**  
**(TAXABLE)**

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EXHIBIT A – Project Description

EXHIBIT B – Form for Cost of Issuance Disbursement

**LOAN AGREEMENT**

**THIS LOAN AGREEMENT** dated as of September 1, 2020, between the **PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY**, and its successors and assigns, a public body corporate and politic duly organized and existing under the laws of the State of Florida (the “Issuer”), and **FEDERATION CCRC OPERATIONS CORP.**, a not-for-profit corporation duly organized and existing under the laws of the State of Florida and authorized to conduct business in the State of Florida (the “Corporation”),

**WITNESSETH:**

**WHEREAS**, the Corporation has applied for the assistance of the Issuer in the financing the costs of acquiring, constructing and equipping of the expansion to the Toby & Leon Cooperman Sinai Residences of Boca Raton (as more particularly defined herein, the “Project”) to be owned and operated by the Corporation; and

**WHEREAS**, the financing of the Project will promote significant economic, cultural and community development opportunities, including the creation or retention of employment, the stimulation of economic activity and the promotion of improvements in the health, safety and welfare of persons in the political subdivisions where the Project is located; and

**WHEREAS**, the Issuer has authorized the issuance of its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A (the “Series 2020A Bonds”) in an aggregate principal amount of \$ \_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-1(the “Series 2020B-1 Bonds”) in an aggregate principal amount of \$ \_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-2 (the “Series 2020B-2 Bonds”) and its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020C (Taxable) (the “Series 2020C Bonds and, together with the Series 2020A Bonds, the Series 2020B-1 Bonds, and the Series 2020B-2 Bonds, the “Series 2020 Bonds”) in an aggregate principal amount of \$ \_\_\_\_\_, for the purposes described herein; and

**WHEREAS**, the Series 2020 Bonds are being issued to (i) finance the Project, (ii) fund the applicable debt service reserve funds, (iii) fund applicable capitalized interest, and (iv) pay the applicable costs of issuance of the Series 2020 Bonds; and

**WHEREAS**, the Issuer and the Corporation have each duly authorized the execution, delivery and performance of this Agreement; and

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



## ARTICLE I DEFINITIONS

**Section 1.1. Definitions.** The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

“Account” means any account established within a Fund.

“Act” means Chapters 154, Part III and 159, Part II, Florida Statutes, as amended from time to time and other applicable provisions of law.

“Additional Bonds” means the one or more series of additional bonds authorized to be issued by the Issuer pursuant to Sections 2.09 and 2.10 of the Bond Indenture.

“Administration Expenses” means the reasonable and necessary fees and expenses incurred by the Issuer pursuant to this Agreement and the Bond Indenture, including, but not limited to, the amounts described in Section 5.7 hereof.

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such 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.

“Aggregate Principal Amount” means the outstanding principal amount of plus, in the case of a security sold at a discount to the purchaser thereof the accreted value of such discount calculated in accordance with the documents authorizing such security, or if not so defined, generally accepted accounting principles.

“Agreement” or “Loan Agreement” means this Loan Agreement and any amendments and supplements hereto made in conformity herewith and with the Bond Indenture.

“Architect” means, initially, Leo A. Daly, LLC, and thereafter an independent architect or engineer or firm of architects or engineers which is appointed by the Corporation for the purpose of passing on questions relating to the design and construction of a Project or any Capital Addition, has all licenses and certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature, and is not unsatisfactory to the Underwriter, the Construction Monitor or the Bond Trustee.

“Authorized Denominations” means, with respect to the Series 2020 Bonds, the denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof and, with respect to any series of Additional Bonds, as provided in the supplemental indenture creating such series of Additional Bonds.

“Board” means the governing body of the Issuer.

“Bond Counsel” means Squire Patton Boggs (US) LLP, and its successors or such other nationally recognized bond counsel as may be selected by the Corporation and reasonably acceptable to the Issuer and the Bond Trustee.

“Bond Fund” means the Bond Fund created in Section 3.02 of the Bond Indenture.

“Bond Indenture” means the Indenture of Trust of even date herewith relating to the Bonds between the Issuer and the Bond Trustee, including any indentures supplemental thereto made in conformity therewith.

“Bondholder” or “owner” of the Bonds mean the registered owner of any fully registered Bond.

“Bonds” means the Series 2020 Bonds and any Additional Bonds issued pursuant to the Bond Indenture.

“Bond Trustee” means U.S. Bank National Association, being the registrar, a paying agent and the trustee under the Bond Indenture, or any successor corporate trustee appointed and serving as such under the Bond Indenture.

“Business Day” means any day other than (i) a Saturday, a Sunday or, in the City of New York, New York, or in Fort Lauderdale, Florida (or, if different, in the city in which the designated corporate trust office of the Bond Trustee is located), a day on which banking institutions are authorized or required by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

“Capital Additions” means all property or interests in property, real, personal and mixed (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Mortgaged Property (as defined in the Master Indenture), and (b) the cost of which is properly capitalized under GAAP (as defined in the Master Indenture).

“Certificate of Occupancy” means a certificate of occupancy issued for the residential units in the Project.

“Closing Date” means the date on which a series of Bonds is delivered to the purchaser or purchasers thereof and payment is received by the Bond Trustee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Certificate” means a certificate of the Corporation delivered pursuant to Section 4.2(b) hereof.

“Completion Date” means the date specified in the Completion Certificate as the date of completion or termination of the Project.

“Construction Contract” means, collectively, the agreements by and between each Contractor and the Corporation.

“Construction Fund” means the construction fund created under Section 3.06 of the Bond Indenture and any construction fund created in connection with an issue of Additional Bonds under Section 2.09 of the Bond Indenture.

“Construction Monitor” means Alcala Construction Management, Inc., and its successors and assigns.

“Contractor” means, collectively The Whiting-Turner Contracting Company, and its successors and assigns.

“Corporation” means Federation CCRC Operations Corp., a Florida not-for-profit corporation authorized to conduct business in the State of Florida as “Toby & Leon Cooperman Sinai Residences of Boca Raton”, and any and all successors thereto in accordance with the Master Indenture.

“Cost” or “Costs” as applied to a Project means and includes any and all costs of such Project permitted by the Act and, without limiting the generality of the foregoing, shall include the following:

(a) the cost of the acquisition of all land, rights of way, options to purchase land, easements, leasehold estates in land, and interests of all kinds in land related to such Project;

(b) the cost of the acquisition, construction, development, repair, renovation, remodeling, or improvement of all buildings and structures to be used as or in conjunction with such Project, including all acquisition, construction and installation costs required to provide utility services or other similar facilities and all labor costs relating thereto;

(c) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which is necessary or incident to providing such Project;

(d) the cost of architectural, consulting, engineering, legal, accounting, and related services; the cost of the preparation of plans, specifications, studies, surveys, and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of such Project;

(e) the cost of all machinery, equipment, furnishings, and facilities necessary or incident to the equipping of such Project so that it may be placed in operation;

(f) the cost of financing charges and interest prior to and during construction and for a maximum of two years after completion of construction and the start up costs of such Project during construction and for a maximum of two years after completion of construction;

(g) any and all costs paid or incurred in connection with the financing of such Project, including without limitation the cost of financing, legal, accounting, financial advisory, and appraisal fees, expenses, and disbursements; the cost of any policy or

policies of title insurance; the cost of printing, engraving, and reproduction services; and the cost of the initial or acceptance fee of any trustee or paying agent;

(h) all direct and indirect costs of the Issuer incurred in connection with providing such Project;

(i) the cost of financing, establishing, and funding a reserve fund or reserve funds for a program of self insurance and/or risk management and further including, without limitation, the cost of the preparation of studies, surveys, and estimates of cost, revenue, risk, and liability and all other costs and expenses necessary or incident to the planning, providing, or determining the feasibility and practicability and the continuing program and operating costs of such program of self insurance and/or risk management; and

(j) payment to the Corporation of such amounts, if any, as should be necessary to reimburse the Corporation in full for all advances of payments made by it for any of the items set forth in (a) through (i) above.

“Cost of Issuance” means all costs and expenses incurred by the Issuer or the Corporation in connection with the issuance and sale of the Bonds, including without limitation (i) reasonable fees and expenses of accountants, attorneys, engineers, and financial advisors, (ii) materials, supplies, and printing and engraving costs, (iii) recording and filing fees and (iv) rating agency fees.

“Cost of Issuance Fund” means the cost of issuance fund created under Section 3.17 of the Bond Indenture.

“Coverage Support Fund” means the Coverage Support Fund created under the Bond Indenture and funded by the Corporation pursuant to Section 7.17 hereof.

“Date of Taxability” means the date on which the interest on the Tax-Exempt Bonds is declared taxable for federal income tax purposes.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created in Section 3.08 of the Bond Indenture.

“Debt Service Reserve Fund Obligations” means cash and Permitted Investments.

“Debt Service Reserve Fund Requirement” means, as calculated from time to time (a) with respect to the Series 2020A Bonds, the lesser of (i) Maximum Annual Debt Service on the Series 2020A Bonds; (ii) 125% of average annual debt service on the Series 2020A Bonds; and (iii) 10% of the aggregate principal amount of the Series 2020A Bonds, calculated on the basis of each Bond Year, and (b) with respect to the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds an amount equal to one year’s maximum interest on the Series 2020B-1 Bonds, the Series 2020B-2 Bonds, and the Series 2020C Bonds respectively. The initial amounts of the Debt Service Reserve Fund Requirements are set forth in the Tax Agreement.

“Delivery Date” means the date the Bonds are delivered to the initial purchasers against payment therefor.

“Disbursement Agreement” means the Construction Disbursement and Monitoring Agreement dated as of September 1, 2020 among the Corporation, the Construction Monitor and the Bond Trustee.

“Determination of Taxability” means:

(a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that an Event of Taxability has occurred,

(b) the issuance of a proposed written adverse determination by the Internal Revenue Service (“IRS”) to the Corporation, which holds in effect that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Corporation has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (i) abandonment of the appeals process by the Corporation, (ii) the date on which such appeals process has been concluded adversely to the Corporation and no further appeal is permitted or (iii) twelve (12) months after the receipt by the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in Aggregate Principal Amount of the Tax-Exempt Bonds then Outstanding.

(c) the deposit by the Corporation with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the Date of Taxability; the Corporation will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability,

(d) the rendering of a final and unappealable decision, judgment, decree, or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or

(e) the deposit by Bond Counsel with the Bond Trustee of an unqualified opinion to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Tax-Exempt Bonds is excluded from gross income for purposes of federal income taxation.

“Entrance Fee Fund” means the fund by that name created pursuant to the Supplemental Indenture and held by the Master Trustee.

“Entrance Fee Redemption Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Entrance Fee Redemption Date” means each March 1, June 1, September 1, and December 1 following an Entrance Fee Transfer Date.

“Entrance Fee Transfer Date” means each February 15, May 15, August 15, and November 15 prior to the termination of the Entrance Fee Fund pursuant to Section 2.01 in the Supplemental Indenture.

“Event of Default” means those defaults specified in Section 8.01 of the Bond Indenture.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Bonds to become includable in the gross income of the Owner thereof for federal income tax purposes.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Expansion” means such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes in, on or to any Project permitted as a “project” under the Act as the Corporation deems necessary or desirable, provided such Expansion does not materially impair the effective use of such Project.

“Fitch” means Fitch Ratings, or any successor thereto maintaining a rating on the Bonds.

“Funded Interest Account” means the account of such name in the Construction Fund created in Section 3.06 of the Bond Indenture.

“Funds” means the Bond Fund, the Debt Service Reserve Fund, the Construction Fund, the Costs of Issuance Fund, and the Coverage Support Fund.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, including (in the case of direct obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the issuer of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

“Governmental Unit” shall have the meaning set forth in Section 150 of the Code.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous

waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; and any applicable State environmental statutes, rules and regulations; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Interest Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Interest Payment Date” means (i) as to the Series 2020 Bonds, each June 1 and December 1, commencing December 1, 2020, or, if such day is not a Business Day, the immediately succeeding Business Day in the years during which the Series 2020 Bonds are Outstanding under the provisions of the Bond Indenture, and (ii) as to Additional Bonds, the periods specified in the applicable supplemental indenture on which interest on such Additional Bonds is to be paid.

“Issuer” means the Palm Beach County Health Facilities Authority, or any public corporation succeeding to its rights and obligations under this Agreement.

“Issuer Representative” means an authorized signatory of the Issuer or such other person at the time, and from time to time, designated by written certificate of the Issuer furnished to the Corporation and the Bond Trustee containing the specimen signature of such person and signed on behalf of the Issuer by its authorized signatory. Such certificate shall designate an alternate or alternates, any of whom may act at any time as Issuer Representative.

“Issuer’s Fees and Expenses” means those reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Bond Indenture and this Agreement and all taxes and assessments of any type or character charged to the Issuer affecting the amount available to the Issuer from payments to be received under the Bond Indenture or this Agreement or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Issuer, at the Corporation’s expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer.

“Master Indenture” means the Master Trust Indenture dated as of May 1, 2014, between the Corporation and the Master Trustee, including any supplements or amendments thereto and modifications thereof.

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

“Maximum Annual Debt Service” means an amount equal to the maximum principal and interest requirements (taking into account all mandatory sinking fund payments) due in any calendar year on the Series 2020 Bonds; provided, however, that principal of the Series 2020 Bonds in its final year shall be excluded from the determination of Maximum Annual Debt Service to the extent moneys are on deposit as of the date of calculation in the Debt Service Reserve Fund.

“Minimum Liquid Reserve Accounts” has the meaning set forth in Section 1.01 of the Master Indenture.

“Moody’s” shall mean Moody’s Investors Service, or any successor thereto maintaining a rating on the Bonds.

“Obligated Group Members” has the meaning given such term in the Master Indenture.

“Obligated Group Representative” means (i) the Corporation, (ii) any surviving, resulting or transferee corporation and (iii) any successor appointed under the Master Indenture.

“Obligations” means the Series 2020 Obligations and any other note payable to the Issuer issued under the Master Indenture pursuant to this Agreement.

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

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Bond Trustee, who may be counsel to the Corporation or other counsel.

“Outstanding” means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or Government Obligations to the extent permitted in Section 7.01 of the Bond Indenture) shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee, shall have been filed with the Bond Trustee and provided further that prior to such payment or redemption, the Bonds

to be paid or redeemed shall be deemed to be Outstanding for the purpose of transfers and exchanges under Section 2.05 of the Bond Indenture; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.06 of the Bond Indenture.

“Paying Agent” means any bank or trust company, including the Bond Trustee, designated pursuant to the Bond Indenture to serve as a paying agency or place of payment for the Bonds, and any successor designated pursuant to the Bond Indenture.

“Payment Office” with respect to the Bond Trustee or other Paying Agent means the office maintained by the Bond Trustee or any affiliate of the Bond Trustee or of another Paying Agent for the payment of interest and principal on the Bonds.

“Permitted Investments” has the meaning assigned to such term in the Master Indenture.

“Person” means an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Plans and Specifications” means the plans and specifications for the Project prepared by an Architect.

“Principal Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Project” means the Project to be financed by the Series 2020 Bonds as described in Exhibit A hereto and any Capital Addition to be financed by Additional Bonds.

“Project Account” means the account of such name in the Construction Fund created in Section 3.06 of the Bond Indenture.

“Rating Agency” means Fitch, Moody’s or Standard & Poor’s, and any successor thereto.

“Rebate Fund” means that special fund established in the name of the Issuer with the Bond Trustee pursuant to Section 3.16 of the Bond Indenture.

“Registered Owner” or “Owners” means the person or persons in whose name or names a Bond shall be registered on the books of the Issuer kept by the Bond Trustee for that purpose in accordance with the terms of the Bond Indenture.

“Regular Record Date” means for the Series 2020 Bonds the last day of the month preceding each regularly scheduled interest payment date therefor, and for Additional Bonds shall be the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Account” means, collectively and individually, as applicable, the Series 2020A Account, the Series 2020B-1 Account, the Series 2020B-2 Account and the Series 2020C within the Debt Service Reserve Fund created pursuant to Section 3.08 of the Bond Indenture.

“Responsible Officer” when used with respect to the Bond Trustee means an officer in the Corporate Trust Department of the Bond Trustee having direct responsibility for administration of the Bond Indenture.

“Securities Depository” means The Depository Trust Company, New York, New York, and any successor thereto as permitted by the Bond Indenture.

“Series 2020 Bonds” means, collectively, the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds.

“Series 2020 Obligations” means the Series 2020A Obligation, the Series 2020B-1 Obligation, the Series 2020B-2 Obligation and the Series 2020C Obligation.

“Series 2020A Bonds” means Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020A issued pursuant to the Bond Indenture.

“Series 2020A Obligation” means the Obligation issued by the Obligated Group pursuant to the Supplemental Indenture relating to the Series 2020A Bonds.

“Series 2020B-1 Bonds” means Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-1 issued pursuant to the Bond Indenture.

“Series 2020B-1 Obligation” means the Obligation issued by the Obligated Group pursuant to the Supplemental Indenture relating to the Series 2020B-1 Obligation.

“Series 2020B-2 Bonds” means Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020B-2 issued pursuant to the Bond Indenture.

“Series 2020B-2 Obligation” means the Obligation issued by the Obligated Group pursuant to the Supplemental Indenture relating to the Series 2020B-2 Bonds.

“Series 2020C Bonds” means Palm Beach County Health Facilities Authority Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion) Series 2020C (Taxable) issued pursuant to the Bond Indenture.

“Series 2020C Obligation” means the Obligation issued by the Obligated Group pursuant to the Supplemental Indenture relating to the Series 2020C Bonds.

“Short term” means, as to any investment, maturing within one year from the date of such investment and not renewable by the Corporation for a term greater than one year beyond the date of original issuance.

“Special Record Date” means a special date fixed to determine the names and addresses of owners of Series 2020 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 2.03 of the Bond Indenture and for Additional Bonds shall be the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., or any successor thereto maintaining a rating on the Bonds.

“State” means the State of Florida.

“Supplemental Indenture” means the Supplemental Indenture Number 3, dated as of September 1, 2020, by the Corporation executed and delivered to the Master Trustee, amendatory and supplemental to the Master Indenture, providing for the issuance of the Series 2020 Obligations and certain other obligations, as well as certain amendments to the Master Indenture.

“Surplus Construction Fund Moneys” means all moneys (including moneys earned pursuant to the provisions of Article VI of the Bond Indenture) remaining in the Construction Fund after completion of a Project (as evidenced by a Completion Certificate) and payment of all other costs then due and payable from the Construction Fund.

“Tax Agreement” means the Tax Certificate and Agreement dated the date of issuance of the Series 2020 Bonds, by and among the Corporation, the Issuer and the Bond Trustee.

“Tax Exempt Bonds” means the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and any Additional Bonds the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes.

“Tax Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

“Trust Estate” means the property pledged and assigned to the Bond Trustee pursuant to the granting clauses of the Bond Indenture.

“Underwriter” means Herbert J. Sims & Co., Inc., as the underwriter of the Series 2020 Bonds.

[End of Article I]

## ARTICLE II REPRESENTATIONS

### Section 2.1. Representations by the Issuer. The Issuer represents that:

(a) The Issuer is a public body corporate and politic duly organized and validly existing under the laws of the State;

(b) The Issuer is authorized under the Act to issue the Series 2020 Bonds and loan the proceeds thereof to the Corporation, and the Issuer is duly authorized to enter into this Agreement and the Series 2020 Bonds and the transactions contemplated hereby and thereby and to perform all of its obligations hereunder and thereunder;

(c) The Issuer has duly authorized the issuance of the Series 2020 Bonds and the execution and delivery of this Agreement under the terms and provisions of a resolution of the Issuer. The Issuer has taken all necessary action and has complied with all provisions of the Act, including, but not limited to, the making of the findings required by the Act, required to make the Series 2020 Bonds and this Agreement the valid and binding obligations of the Issuer, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights;

(d) There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Agreement or which, in any way, would adversely affect the validity or enforceability of the Series 2020 Bonds, the Bond Indenture, this Agreement, the Series 2020 Obligations, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing which would form the basis for any such actions, suits, or proceedings;

(e) Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor the offer, issue, sale, or delivery of the Series 2020 Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery, and performance of the Bond Indenture, this Agreement, the Series 2020 Bonds, the endorsement of the Series 2020 Obligations to the order of the Bond Trustee, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Series 2020 Bonds, except as shall have been obtained or made and as are in full force and effect, other than the recording of the Mortgage and the filing of financing statements or instruments effective as financing statements perfecting the security interests created by the Mortgage;

(f) To the knowledge of the Issuer, no event has occurred and no condition exists which would constitute an Event of Default or which, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Issuer, the Issuer is not in default or violation in any material respect under the Act or under any charter

instrument, bylaw, or other agreement or instrument to which it is a party or by which it may be bound;

(g) None of the Bond Indenture, this Agreement, the Series 2020 Bonds, the endorsement of the Series 2020 Obligations to the order of the Bond Trustee, or any payments to be received by the Issuer under the Bond Indenture, this Agreement, the Series 2020 Bonds has been mortgaged, pledged, or hypothecated by the Issuer in any manner or for any purpose or has been the subject of a grant of a security interest by the Issuer other than as provided in the Bond Indenture as security for the payment of the Bonds;

(h) The representations of the Issuer contained in this Agreement and any certificate, document, written statement, or other instrument furnished to the Bond Trustee or the Underwriter by or on behalf of the Issuer in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading;

(i) The Project constitutes a “project” within the meaning of the Act;

(j) All acts, conditions, and things required to exist, happen, and be performed by the Issuer precedent to and in the execution and delivery by the Issuer of the Series 2020 Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Series 2020 Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation;

(k) The Issuer hereby covenants and agrees to comply with all requirements of the Code, compliance with which subsequent to the issuance of the Series 2020 Bonds is necessary for the interest on the Tax Exempt Bonds to be, and to remain, excluded from the gross income of the owners thereof for federal income tax purposes and not to take any actions that would adversely affect such exclusion under the provisions of the Code.

**Section 2.2. Representations by the Corporation.** The Corporation represents and warrants that, as of the date of execution of this Agreement and as of the date of delivery of the Series 2020 Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Series 2020 Bonds or any investigations by or on behalf of the Issuer or the results thereof):

(a) The Corporation is a nonprofit corporation duly incorporated and in good standing under the laws of the State of Florida, is qualified to conduct business in the State of Florida, has full legal right, power and authority to enter into this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, and to carry out and consummate all transactions contemplated hereby and by the Bond Indenture, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, and by proper corporate action has duly authorized the execution, delivery and performance of this Agreement and the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations.

(b) The officers of the Corporation executing this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations are duly and properly in office and fully authorized to execute the same.

(c) This Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations have been duly authorized, executed and delivered by the Corporation.

(d) This Agreement and the Series 2020 Obligations, when assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation by the Bond Trustee in accordance with their terms for the benefit of the Owners of the Series 2020 Bonds, and any rights of the Issuer and obligations of the Corporation not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of the Corporation enforceable against the Corporation by the Issuer in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, 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 Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, or the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or holder of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Agreement, the Bond Indenture, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, or

upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations, or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(h) No written information, exhibit or report furnished to the Issuer by the Corporation in connection with the negotiation of this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations 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.

(i) As of the date of this Agreement, (i) the Corporation is a Tax Exempt Organization, for federal income tax purposes, (ii) the Corporation has received a determination letter from the Internal Revenue Service to the effect that it is a Tax Exempt Organization, (iii) the Corporation is in full compliance with all terms, conditions, and limitations, if any, contained in such determination letter, (iv) such status as a Tax Exempt Organization has not been adversely modified, limited, or revoked, (v) the facts and circumstances which formed the basis for the status of the Corporation, as represented to the Internal Revenue Service in the Corporation's application for a determination letter, either substantially exist for the Corporation or differ in a manner consistent with the requirements of Section 501(c)(3) of the Code and (vi) the financing, ownership and operation of the Project as contemplated by the Bond Indenture and this Agreement does not adversely affect the status of the Corporation as a Tax Exempt Organization.

(j) Upon the issuance of the Series 2020 Bonds and the funding of the first disbursement of proceeds of the Series 2020 Bonds, the Corporation has or will acquire good and marketable title to the site on which the Project will be located free and clear from all encumbrances other than Existing Liens, as described on Exhibit A to the Master Indenture.

(k) The Corporation complies and covenants to comply in all material respects with all applicable Environmental Regulations.

(l) Neither the Corporation nor the Project are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(m) The Corporation does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(n) The representations, warranties and covenants of the Corporation set forth in the Tax Agreement are incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein.

[End of Article II]



**ARTICLE III  
TERM OF AGREEMENT**

**Section 3.1. Term of this Agreement.** Subject to Section 11.12 herein, this Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or provision made for such payment pursuant to the Bond Indenture and all reasonable and necessary fees and expenses of the Bond Trustee and the Issuer accrued and to accrue through final payment of the Bonds and all liabilities of the Corporation with respect to the Bonds accrued and to accrue through final payment of the Bonds have been paid.

[End of Article III]

**ARTICLE IV  
ISSUANCE OF THE BONDS;  
CONSTRUCTION OF THE PROJECT; DISBURSEMENTS**

**Section 4.1. Agreement to Issue Bonds.** In order to provide funds to pay Costs of the Project, pay Costs of Issuance and fund reserves, the Issuer agrees that it will issue, sell and deliver to the Underwriter, the Series 2020 Bonds in the aggregate principal amount of \$ \_\_\_\_\_. The proceeds of the Series 2020 Bonds shall be deposited as follows:

(a) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020A Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Series 2020A Account in the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iii) Deposit into the Tax-Exempt Bond Subaccount of the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iv) Deposit, into the Tax-Exempt Bond Subaccount of the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020A Bonds.

(b) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020B-1 Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Series 2020B-1 Account in the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(ii) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iii) Deposit into the Tax-Exempt Bond Subaccount of the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iv) Deposit, into the Tax-Exempt Bond Subaccount of the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020B-1 Bonds.

(c) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020B-2 Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(ii) Deposit, into the Series 2020B-2 Account in the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iii) Deposit into the Tax-Exempt Bond Subaccount of the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iv) Deposit, into the Tax-Exempt Bond Subaccount of the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020B-2 Bonds.

(d) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2020C Bonds and will deliver the proceeds thereof to the Bond Trustee for deposit as follows:

(i) Deposit, into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(ii) Deposit, into the Series 2020C Bond Account in the Debt Service Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iii) Deposit into the Series 2020C Bond Subaccount in the Funded Interest Account of the Construction Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iv) Deposit, into the Series 2020C Bond Subaccount in the Project Account of the Construction Fund, the balance of the proceeds of the Series 2020C Bonds.

(e) The Issuer agrees to authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in Sections 2.09 and 2.10 of the Bond Indenture. Additional Bonds may be issued to provide funds (i) to pay the Costs of financing and refinancing Expansions, (ii) to pay the Cost of financing, refinancing, acquiring, providing, constructing, enlarging, remodeling, renovating, improving, furnishing or equipping and refinancing the acquiring, constructing, equipping or completing any Project, (iii) to the extent permitted by law, to refund any Bonds theretofore issued and then Outstanding under the Bond Indenture or (iv) for any combination of such purposes. In the event of the issuance of Additional Bonds for any such purposes, the amount of Additional Bonds issued may include the costs of

the issuance and sale of the Additional Bonds, capitalized interest for such period allowed by law, reserve funds and such other costs reasonably related to the financing as shall be agreed upon by the Corporation and the Issuer.

(f) If the Corporation is not in default hereunder, the Issuer agrees, on request of the Corporation, from time to time, to use its reasonable efforts to issue the amount of Additional Bonds specified by the Corporation; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved in writing by the Corporation, and provided further that (1) the Corporation and the Issuer shall have entered into an amendment to this Agreement to provide, among other things, that the Project shall include the facilities, if any, being financed by the Additional Bonds, for additional loan payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due, and for a deposit into the Debt Service Reserve Fund of additional Debt Service Reserve Fund Obligations which, together with amounts at that time contained in the Debt Service Reserve Fund, will equal the Debt Service Reserve Fund Requirement on all Bonds Outstanding at the date of issuance of such series of Additional Bonds, and (2) the Corporation and the Master Trustee shall have entered into a supplement to the Master Indenture whereby the Corporation issues an Obligation securing payment of the principal of, premium, if any, and interest on the Additional Bonds. The Issuer agrees to comply with Sections 2.09 and 2.10 of the Bond Indenture with respect to the issuance of Additional Bonds.

#### **Section 4.2. Agreement to Construct Project; Completion Certificate.**

(a) The Corporation shall cause the Project to be acquired, constructed, and improved with due diligence and pursuant to the requirements of the applicable laws of the State in all material respects.

(b) The Corporation shall deliver to the Bond Trustee within 90 days after the final completion of the Project a certificate (the "Completion Certificate") of the Corporation to the effect that:

(i) the Project has been completed substantially in accordance with the plans and specifications, as then amended, and the date of completion;

(ii) the Cost of the Project has been fully paid for and no claim or claims exist against the Corporation or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Corporation intends to contest such claim or claims in accordance with this Agreement, in which event such claim or claims shall be described; provided, further, that it shall be stated that moneys are on deposit in the Project Fund sufficient to make payment of the full amount that might in any event be payable in order to satisfy such claim or claims; provided, further, that there may also be excepted from the foregoing statement any claim that has been insured over pursuant to an endorsement to any title insurance; and

(iii) all permits, certificates and licenses necessary for the occupancy and use of the Project have been obtained and are in full force and effect.

(c) To the extent there are Surplus Construction Fund Moneys upon completion of the Project, the Corporation shall direct the Bond Trustee to apply such Surplus Construction Fund Moneys as follows: (i) transfer to the applicable subaccount within the Funded Interest Account an amount which when added to the previous amounts deposited to the Funded Interest Account from proceeds of the Bonds pursuant to Section 3.01 of the Bond Indenture will not exceed the total interest paid or payable on the Series 2020 Bonds from the date of issuance of the Bonds to the third anniversary date of the issuance of the Bonds (provided that if the Series 2020C Bonds are not Outstanding at that time, such moneys shall be transferred to the Tax-Exempt Bond Subaccount), (ii) deposit the Surplus Construction Fund Moneys to the Principal Account of the Bond Fund to be used to redeem Series 2020A Bonds pursuant to Section 5.12 of the Bond Indenture or (iii) for any other purpose provided that the Bond Trustee is furnished with an Opinion of Bond Counsel to the effect that such use is lawful and in accordance with the Act and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Tax-Exempt Bonds, the interest on which was excludable from gross income on the date of issuance. Until used as provided in clause (i) and (ii) above, or until the use under clause (iii) above is approved, such segregated amount may be invested as permitted by the Bond Indenture and as directed in writing by the Corporation but may not be invested (without an Opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Tax-Exempt Bonds) to produce a Yield (as defined in the Tax Agreement) on such amount (computed from the date of the Completion Certificate and taking into account any investment of such amount from the date of the Completion Certificate) materially higher than the Yield on the Tax-Exempt Bonds, all in accordance with Section 148 of the Code. The Corporation agrees to cooperate with the Bond Trustee and take all required action necessary to redeem Tax-Exempt Bonds or to accomplish any other purpose contemplated by this Section.

**Section 4.3. Cost of Construction.** The Corporation represents and warrants that it will use its best efforts to construct or cause the construction of each Project at a price which will permit completion of each Project within the amount of the funds to be deposited in the Construction Fund and within the amount of other available funds of the Corporation. The Corporation will not permit any mechanics or material's or other liens to be filed or remain against any improvements for labor or materials furnished in connection with the construction and installation of any improvements, provided it will not constitute an Event of Default hereunder upon such lien being filed, if the Corporation promptly notifies the Bond Trustee and Master Trustee of any such liens and the Corporation in good faith contests such liens in accordance with Section 4.7 hereof; and in such event the Corporation may permit the liens so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

**Section 4.4. Plans; Modifications of a Project.** The Corporation hereby covenants and agrees that no changes, modifications, substitutions, deletions, or additions shall be made with respect to a Project if such change, modification, substitution, deletion or addition disqualifies such Project under the Act or under the organizing documents of the Issuer.

**Section 4.5. Compliance with Regulatory Requirements; Draw on Minimum Liquid Reserve Accounts.** (a) The Corporation agrees that the Project shall be constructed strictly in accordance with all applicable ordinances and statutes, and in accordance with the requirements of all regulatory authorities in all material respects, and any rating or inspection organization, bureau, association, or office having jurisdiction, and it will furnish to the Issuer all information necessary for the Issuer to comply with all of the foregoing and all laws, regulations, orders and other governmental requirements.

(b) The Corporation shall, at no expense to the Issuer, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Corporation or to its facilities and operations, including without limitation, Chapter 651, Florida Statutes. The Corporation shall cause the Minimum Liquid Reserve Accounts to be maintained and funded in an amount which, together with the moneys on deposit in the Debt Service Reserve Fund, shall satisfy all of the Corporation's escrow requirements under Section 651.035, Florida Statutes.

(c) The Corporation shall not draw upon the Minimum Liquid Reserve Accounts until the Working Capital Fund is depleted.

#### **Section 4.6. Requests for Disbursements.**

(a) The Corporation shall be entitled to disbursements of moneys in the Project Account of the Construction Fund to pay the Costs related to the Project. Requests for disbursements from the Project Account of the Construction Fund by the Corporation are to be made to the Bond Trustee in accordance with the Disbursement Agreement. The Corporation shall comply with all the requirements of the Disbursement Agreement.

(b) The Corporation shall be entitled to disbursement of moneys in the Cost of Issuance Fund to pay the Cost of Issuance. The Corporation shall request disbursements from the Cost of Issuance Fund on the form attached hereto as Exhibit B to pay Cost of Issuance, and to reimburse itself for Cost of Issuance paid by the Corporation, upon presentation to the Bond Trustee of a request for disbursement signed by the Corporation, but in no event more often than four times a month.

(c) Notwithstanding the foregoing, the Corporation shall make no request for disbursement of moneys from the Construction Fund for payment of Cost of Issuance.

**Section 4.7. Contest of Liens.** Section 4.3 of this Agreement permits the Corporation to contest certain liens. In order to contest any such liens, the Corporation will furnish the Master Trustee with a bond or cash deposit equal to at least the amount so contested and with an Opinion of Counsel reasonably acceptable to the Master Trustee stating that by nonpayment of any such items the lien of the Mortgage (as defined in the Master Indenture) will not be materially endangered and neither the Project nor any material part thereof will be subject to imminent loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Master Trustee to satisfy the lien if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit will be returned to the Corporation if the lien is successfully contested. If the Corporation is unable or otherwise fails to obtain such a bond or provide such a

cash deposit and such an Opinion of Counsel, the Corporation will cause to be satisfied and discharged promptly all such items by payment thereof. If the Corporation is unable or otherwise fail to obtain such a bond or cash deposit and an Opinion of Counsel, or to satisfy and discharge the lien, the Issuer or the Bond Trustee may, but will be under no obligation to, satisfy and discharge the lien by payment thereof or provide security which causes the claimant to release the lien against the Project, and all amounts so paid by the Issuer or the Bond Trustee will be treated as an advance to the Corporation repayable in accordance with Section 9.02 of the Bond Indenture.

**Section 4.8. Modification of Disbursements.** The making of any disbursement or any part of a disbursement shall not be deemed an approval or acceptance by the Bond Trustee of the work theretofore done. The Bond Trustee may deduct from any disbursement to be made under this Agreement any amount necessary for the payment of fees and expenses required to be paid under this Agreement and any insurance premiums, taxes, assessments, water rates, sewer rents and other charges, liens and encumbrances upon the facilities, whether before or after the making of this Agreement, and any amounts necessary for the discharge of mechanic's liens, and apply such amounts in payment of such fees, expenses, premiums, taxes, assessments, charges, liens and encumbrances. All such sums so applied shall be deemed disbursements under this Agreement.

**Section 4.9. Covenants Regarding Tax Exemption.** The Corporation covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. The representations, warranties, and covenants of the Corporation and the Issuer set forth in the Tax Agreement are hereby incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein.

**Section 4.10. Allocation of, and Limitation on, Expenditures for the Project.** The Corporation covenants to account for the expenditure of Sale Proceeds (as defined in the Tax Agreement) of Tax Exempt Bonds and investment earnings to be used for the Cost of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Corporation shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Tax Exempt Bonds, or (2) the date the Tax Exempt Bonds are retired, unless the Corporation obtains an opinion of Bond Counsel that such expenditure will not adversely affect the Tax Exempt status of the Tax Exempt Bonds. For purposes hereof, the Corporation shall not be obligated to comply with this covenant if it obtains an opinion of Bond Counsel that such failure to comply will not adversely affect the excludability of interest on the Tax Exempt Bonds.

**Section 4.11. Representations and Warranties as to Tax Exempt Status of Corporation.** The Corporation hereby represents and warrants as follows:

(a) the Corporation is an organization exempt from federal income taxation under Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(b) the purposes, character, activities and methods of operation of the Corporation have not changed materially since its organization and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Code (the "Determination");

(c) the Corporation has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or disclosed to the Internal Revenue Service in connection with its Determination;

(d) the Corporation has not operated since its organization in a manner that would result in it being classified as an "action" organization within the meaning of section 1.501(c)(3)-1(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) with the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Corporation, no person controlled by any such individual or individuals nor any person having a personal or private interest in the activities of the Corporation has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Corporation during the current Fiscal Year and the period, if any, preceding the current Fiscal Year, other than as reported to the Internal Revenue Service by the Corporation;

(f) the Corporation will not be treated as a "private foundation" within the meaning of Section 509(a) of the Code or will be treated during any transition period as an "operating foundation" under Section 4943(j)(3) of the Code, which will exempt the Corporation from the tax on undistributed income;

(g) the Corporation has not received any indication or notice whatsoever to the effect that its exemption under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(h) the Corporation has filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and has notified the Internal Revenue Service of any changes in its organization and operation since the date of its Determination;

(i) the Corporation has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and

(j) the Corporation has not taken any action, nor does it know of any action that any other person has taken, nor does it know of the existence of any condition, which would cause the Corporation to lose its exemption from taxation under Section 501(a) of the Code or cause the interest on the Tax Exempt Bonds to become taxable to the recipient thereof because

such interest is not excludable from the gross income of such recipient for federal income tax purposes under Section 103(a) of the Code.

**Section 4.12. Disposition of Project.** The Corporation covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Corporation of cash or other compensation, unless the Corporation obtains an Opinion of Bond Counsel that such sale or other disposition will not adversely affect the Tax Exempt status of the Tax Exempt Bonds and provided that such disposition is in compliance with the provisions of the Master Indenture and the Mortgage.

**Section 4.13. Corporation Required to Pay Costs of the Project if Construction Fund Insufficient.** If the moneys in the Construction Fund available for payment of the Costs of the Project are not sufficient to pay the costs thereof in full, the Corporation agrees to complete the acquisition, construction, renovation, equipping, and installation of the Project and to pay all that portion of Costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the Costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Corporation agrees that if after exhaustion of the moneys in the Construction Fund, the Corporation will pay any portion of the said Costs of the Project pursuant to the provisions of this Section, it will not be entitled to any reimbursement therefor from the Issuer or from the Bond Trustee or from the owners of any of the Bonds, nor will it be entitled to any diminution of the loan payments payable under the Obligations. The obligation of the Corporation to complete the construction of the Project will survive any termination of this Agreement.

**Section 4.14. Construction of the Project.**

(a) *Completion of the Project.* The Corporation shall issue a notice to proceed with the Project concurrently with the issuance of the Series 2020 Bonds. The Corporation shall cause the Project to be substantially completed (with the exception of final landscaping) and a final Certificate of Occupancy therefor to be issued within twenty four (24) months after the date of issuance of the Series 2020 Bonds, and shall cause any Capital Addition to be financed with the proceeds of Additional Bonds or other Long-Term Indebtedness to be completed as promptly as feasible; and shall at its expense do or cause to be done all things necessary or proper for such completion in accordance with applicable law and regulations.

(b) *Disbursements from Construction Fund.* Disbursements from the Construction Fund for costs of the Project shall be made pursuant to the terms and conditions of the Disbursement Agreement.

(c) *Construction Contract Requirements.* The Corporation shall collaterally assign to the Master Trustee the Construction Contract for the Project and the construction contract for any Capital Addition financed with the proceeds of Additional Bonds, pursuant to which assignment, the general contractor or construction manager shall agree that if any Event of Default occurs hereunder, the Master Trustee shall thereupon have the same rights under such construction contract as the Corporation thereunder; provided, however, that the Master Trustee shall be under no obligation to perform any action under such Construction Contract unless

indemnified and directed by a majority of Obligation Holders and shall not be liable for failure to take any such action. The Construction Contract for the Project shall provide for liquidated damages. Such liquidated damages shall be payable to the Bond Trustee and shall be deposited in the applicable Funded Interest Account of the Construction Fund and applied as provided for capitalized interest in Section 3.02 of the Bond Indenture.

Concurrently with the settlement for any Additional Bonds financing a Capital Addition, the Corporation shall execute and deliver to the Master Trustee a collateral assignment of its rights under all Construction Contract and the Corporation's agreements with the Architect, such assignment or assignments to become exercisable by the Master Trustee only upon the occurrence of an Event of Default by the Corporation hereunder.

(d) *Surety Bonds.* The Corporation agrees to maintain, or cause to be maintained, in connection with any construction with respect to the Project and any Capital Addition financed with Additional Bonds, the contracted cost of which is an amount equal to or greater than \$500,000, a surety bond or bonds with the Master Trustee, the Issuer and the Corporation as named obligees covering (i) performance of such contracts, including coverage for correction of defects developing within one year after completion and acceptance, and (ii) payment for labor and materials. The bond or bonds shall be executed by responsible surety companies qualified to do business in the State where the Project or Capital Addition is located satisfactory to the Construction Monitor in the case of the Project and satisfactory to the parties providing financing in the case of Capital Additions and shall be in amounts aggregating not less than one hundred percent (100%) of the contract price. The Corporation, the Issuer, or the Master Trustee, as the case may be, shall deposit in the Project Account of the Construction Fund the net amounts recovered on such bonds.

(e) *Insurance During Construction.* In connection with the Project, any Capital Addition financed with Additional Bonds, and any Capital Addition costing in excess of \$500,000, the Corporation shall maintain or cause to be maintained:

(i) Builder's risk (or equivalent coverage) insurance upon any work done or materials furnished under the Construction Contract except excavations, foundations and any other structures not customarily covered by such insurance, the policy for which shall (A) be issued by a responsible insurance company qualified to do business in the State and acceptable to the Construction Monitor, (B) be written in completed value form for one hundred percent (100%) of the insurable value of the contract in the names of the Corporation and the general contractor and (C) be in an all-risk form approved by the Corporation and satisfactory to the Construction Monitor (and removing the occupancy restriction as of policy inception);

(ii) Worker's compensation insurance and employer's liability insurance underwritten by responsible companies qualified to do business in the State and satisfactory to the Construction Monitor, covering all employees of contractors and subcontractors in amounts required by law;

(iii) Public liability insurance maintained by each general contractor on an occurrence basis in an amount not less than \$1,000,000 combined single limit, such policy to cover premises and operations, independent contractors and products and

completed operations, to be endorsed with a broad form comprehensive general liability endorsement or its equivalent including at least personal injury and broad form property damage coverage, provided that the contractor shall maintain completed operations coverage for at least one year after completion of the Project or such Capital Addition;

(iv) Automobile liability insurance covering owned, non-owned and hired automobiles of each contractor in an amount not less than \$1,000,000 combined single limit; and

(v) Umbrella liability coverage covering the contractor in the amount of \$1,000,000, applying in excess of the comprehensive general liability and automobile liability insurance required above.

**Section 4.15.** [Omitted].

**Section 4.16. Corporation to Pursue Remedies Against Contractors and Subcontractors and Their Sureties.** In the event of default of any contractor or subcontractor under any contract made by it for acquisition, construction or installation of the Project or any Capital Additions, the Corporation will take reasonable, appropriate measures, either separately or in conjunction with others, to exhaust the remedies of the Corporation against the contractor or subcontractor so in default and against his surety (if any) for the performance of such contract. The Corporation will advise the Master Trustee, the Bond Trustee and the Construction Monitor by written notice of the steps it intends to take in connection with any such default.

[End of Article IV]

## **ARTICLE V LOAN OF BOND PROCEEDS; OBLIGATIONS; PROVISION FOR PAYMENT**

**Section 5.1. Loan of Bond Proceeds.** The Issuer hereby agrees to loan to the Corporation the proceeds of the Bonds to provide financing for the Costs of the Project. The Corporation hereby agrees to repay the loan pursuant to the conditions set forth in Section 5.2 hereof.

**Section 5.2. Repayment of Loan.** The Corporation agrees to pay to the Bond Trustee for the account of the Issuer all payments when due on the Obligations. If for any reason the amounts paid to the Bond Trustee by the Corporation on the Obligations, together with any other amounts available in the Bond Fund, are not sufficient to pay principal of, premium, if any, and interest on the Bonds when due, the Corporation agrees to pay the amount required to make up such deficiency.

**Section 5.3. Credits.** Any amount in any account of the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding any payment date on the Obligations in excess of the aggregate amount then required to be contained in such account of the Bond Fund pursuant to Section 5.2 hereof shall be credited pro rata against the payments due by the Corporation on such next succeeding principal or interest payment date on the Obligations.

In the event that all of the Bonds then Outstanding are called for redemption, any amounts contained in the Debt Service Reserve Fund and the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Corporation on the Obligations, as provided below.

The principal amount of any Series 2020 Bonds to be applied by the Bond Trustee as a credit against any sinking fund payment pursuant to Section 5.02 of the Bond Indenture shall be credited against the obligation of the Corporation with respect to payment of installments of principal of the Series 2020 Obligations as described in the Supplemental Indenture.

The cancellation by the Bond Trustee of any Series 2020 Bonds purchased by the Corporation or of any Series 2020 Bonds redeemed or purchased by the Issuer through funds other than funds received on the corresponding Series 2020 Obligation shall constitute payment of a principal amount of the Series 2020 Obligation equal to the principal amount of the Series 2020 Bonds so cancelled. Upon receipt of written notice from the Bond Trustee of such cancellation, the Master Trustee shall at the request of the Corporation endorse on the Series 2020 Obligation such payment of such principal amount thereof.

**Section 5.4. Obligations.** Concurrently with the sale and delivery by the Issuer of the Series 2020 Bonds, the Corporation shall execute and deliver the Series 2020 Obligations substantially in the forms set forth in the Supplemental Indenture. Concurrently with the sale and delivery by the Issuer of any Additional Bonds, the Master Indenture shall be supplemented to reflect the issuance of the additional Obligations referred to below, and to make any other changes, amendments or modifications which, in the opinion of the parties thereto, may be necessary or appropriate. Concurrently with the sale and delivery by the Issuer of any Additional

Bonds, the Corporation shall execute and deliver one or more additional Obligations payable to the Bond Trustee for the account of the Issuer in substantially the form set forth in the Master Indenture. The additional Obligations shall:

(a) require payment or payments of principal, premium, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal, premium, if any, and interest on the related Additional Bonds, taking into account any mandatory sinking fund requirements (pursuant to the indenture) which are required in respect of the related Additional Bonds, and

(b) require each payment on the Obligation to be made on or before the due date for the corresponding payment to be made on the related Additional Bonds of the Issuer.

**Section 5.5. Payment of Bond Trustee's and Paying Agent's Fees and Expenses.** The Corporation agrees to pay the reasonable fees and expenses (including attorney's fees) of the Bond Trustee and any Paying Agents as and when the same become due, upon submission by the Bond Trustee or any Paying Agent of a statement therefor.

**Section 5.6. Debt Service Reserve Fund.**

(a) In the event any moneys in the Debt Service Reserve Fund are transferred to the Bond Trustee for deposit to the Bond Fund pursuant to Section 3.10 or 3.11 of the Bond Indenture, except if such moneys are transferred due to the redemption of Bonds, the Corporation agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than 12 equal consecutive monthly installments, the first installment to be made within seven months of such transfer or receipt of written notice from the Bond Trustee of a deficiency.

(b) In the event the value of the Debt Service Reserve Fund Obligations (as determined pursuant to the statement of the Bond Trustee furnished in accordance with Section 6.03 of the Bond Indenture) on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Corporation agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than three equal consecutive monthly installments, the first installment to be made within 30 days of such receipt of written notice from the Bond Trustee of a deficiency.

**Section 5.7. Payment of Administration Expenses.** In addition to the payments on the loan from the Issuer, the Corporation shall also pay to the Issuer or to the Bond Trustee, as the case may be, "Administration Expenses," as follows:

(a) All taxes and assessments of any type or character charged to the Issuer or to the Bond Trustee affecting the amount available to the Issuer or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Issuer

or the Bond Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bond Trustee;

(b) All reasonable fees, charges and expenses of the Bond Trustee for services rendered under the Bond Indenture and all amounts referred to in Section 3.13 of the Bond Indenture, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2020 Obligations or the Bond Indenture; and

(d) The reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2020 Obligations, the Series 2020 Bonds or the Bond Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Series 2020 Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2020 Obligations, the Series 2020 Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of this Agreement, the Master Indenture, the Supplemental Indenture and the Series 2020 Obligations.

Such Administrative Expenses shall be billed to the Corporation by the Issuer or the Bond Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer or the Bond Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation.

**Section 5.8. Deposits to Repair and Replacement Fund.** The Corporation shall pay to the Master Trustee for deposit to the Repair and Replacement Fund, on the first Business Day of each month, an amount equal to one-twelfth of the total amount required to be deposited therein for such Fiscal Year (or such times and amounts as provided for in the needs assessment analysis described in the Master Indenture) as provided in Section 4.30 of the Master Indenture.

**Section 5.9. Payees of Payments.** The payments on the Obligations pursuant to Section 5.2 hereof shall be paid in funds immediately available at the Payment Office of the Bond Trustee, directly to the Bond Trustee for the account of the Issuer and shall be deposited into the appropriate account of the Bond Fund. The payments provided for in Section 5.6 hereof shall be paid to the Bond Trustee for the account of the Issuer and shall be deposited into the Debt Service Reserve Fund. The payments to be made to the Bond Trustee and the Paying Agent under Section 5.5 hereof shall be paid directly to the Bond Trustee and the Paying Agent for their

own use. The payments for Administration Expenses under Section 5.7 hereof shall be paid directly to the Issuer of the Bond Trustee, as the case may be, for its own use. The payments provided by Section 5.8 hereof shall be paid directly to the Master Trustee for deposit in the Repair and Replacement Fund.

**Section 5.10. Obligations of Corporation Hereunder Unconditional.** The obligations of the Corporation to make the payments required in Section 5.2 hereof shall be absolute and unconditional. The Corporation will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in Section 5.2 hereof for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to any Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied. Nothing contained in this Section shall be construed to release the Issuer from the performance of any agreements on its part herein contained; and in the event the Issuer shall fail to perform any such agreement, the Corporation may institute such action against the Issuer as the Corporation may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the Corporation contained herein and the Issuer shall not be required to pay any costs, expenses, damages or any amounts of whatever nature except for amounts received pursuant to this Agreement. Nothing herein shall be construed to impair the Corporation's right to institute an independent action for any claim that it may have against the Issuer, the Bond Trustee, any Bondholder or any other third party. The Corporation may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceedings or take any other action involving third persons which the Corporation deems reasonably necessary in order to secure or protect this right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Corporation.

[End of Article V]

## ARTICLE VI MAINTENANCE AND INSURANCE

**Section 6.1. Maintenance and Modifications of Projects by Corporation.** The Corporation may, at its own expense, cause to be made from time to time any additions, modifications or improvements to any Project provided such additions, modifications or improvements do not impair the character of the Project as a "project" within the meaning of the Act or impair the extent of the exclusion of interest on the Tax Exempt Bonds from federal income taxation.

**Section 6.2. Insurance.** Throughout the term of this Agreement, the Corporation will, at its own expense, provide or cause to be provided insurance against loss or damage to each Project in accordance with the terms of the Master Indenture and Section 4.14(e) hereof.

[End of Article VI]



## ARTICLE VII SPECIAL COVENANTS

**Section 7.1. No Warranty of Merchantability, Condition or Suitability by the Issuer.** The Issuer makes no warranty, either express or implied, as to the condition of any Project or that any Project will be suitable for the Corporation's purposes or needs. Without limiting the effect of the preceding sentence, it is expressly agreed that in connection with each sale or conveyance pursuant to this Agreement (i) the Issuer makes NO WARRANTY OF MERCHANTABILITY and (ii) THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

**Section 7.2. Right of Access to each Project.** The Corporation agrees that the Issuer, the Bond Trustee, and any of their duly authorized agents shall have the right at all reasonable times upon reasonable notice to the Corporation to examine and inspect any Project to determine that the Corporation is in compliance with the terms and conditions of this Agreement; provided that any such inspection will be conducted in a manner that will minimize any intrusion on the operations of any Project.

**Section 7.3. Nonsectarian Use.** The Corporation agrees that no proceeds of the Bonds will be used to construct, acquire or install any portion of any Project which is intended to be used or which are being used for sectarian purposes.

**Section 7.4. Further Assurances.** The Issuer and the Corporation agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

### Section 7.5. Indemnification.

(a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the Issuer, the Bond Trustee and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Bond Indenture, this Agreement, the Master Indenture, the Supplemental Indenture the Obligations or the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Corporation or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Corporation to the Issuer and the Bond Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Bond Trustee in respect of any portion of the Project;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Bonds is taxable;

(viii) the Bond Trustee's acceptance or administration of the Trust Estate of the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder, including without limitation, the exercise of any remedies, or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Issuer or the participants in the Issuer's program or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as

to the action (or inaction) of counsel or in the event that the matter at issue includes a criminal charge.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Bond Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Agreement.

**Section 7.6. Authority of Corporation.** Whenever under the provisions of this Agreement the approval of the Corporation is required, or the Issuer or the Bond Trustee are required to take some action at the request of the Corporation, such approval or such request shall be made by the Corporation unless otherwise specified in this Agreement and the Issuer or the Bond Trustee shall be authorized to act on any such approval or request and the Corporation shall have no complaint against the Issuer or the Bond Trustee as a result of any action taken.

**Section 7.7. Authority of Issuer Representative.** Whenever under the provisions of this Agreement the approval of the Issuer or the Bond Trustee are required, or the Corporation is required to take some action at the request of the Issuer, such approval or such request shall be made by the Issuer Representative unless otherwise specified in this Agreement and the Corporation or the Bond Trustee shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Corporation or the Bond Trustee as a result of any such action taken.

**Section 7.8. No Personal Liability.** The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from Revenues (as defined in the Master Indenture) and other moneys and assets received by the Bond Trustee pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State, any Member of the Issuer or any other political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Bond Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Agreement.

The Corporation hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Bond Trustee pursuant to this Agreement or to the Master Trustee pursuant to the Master Indenture, together with investment income on certain funds and accounts held by the Bond Trustee under the Bond Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Corporation, the Issuer or any third party, subject to any right of reimbursement from the Bond Trustee, the Issuer or any such third party, as the case may be, therefor.

**Section 7.9. Fees and Expenses.** The Corporation agrees to pay promptly upon demand therefor all costs paid, incurred or charged by the Issuer in connection with the Bonds, including without limitation, (i) all fees required to be paid to the Issuer with respect to the Bonds, including its application fee of \$29,750, (ii) all out of pocket expenses and Cost of Issuance (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the issuance of the Bonds and (iii) all out of pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the enforcement of any of its rights or remedies or the performance of its duties under the Bond Indenture or this Agreement.

**Section 7.10. Prohibited Uses.** No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not an organization described in Section 501(c)(3) of the Code or a Governmental Unit or by an organization described in Section 501(c)(3) of the Code (including the Corporation) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code.

**Section 7.11. Special Services Covenant.** The Corporation shall maintain a continuing care retirement facility providing healthcare services to its residents within the territorial limits of Palm Beach County, Florida, as long as any Bonds remain Outstanding; provided, however, the Issuer, upon review of such facts as it deems relevant, may, from time to time, allow the Corporation to provide alternative services which provide public benefit to the participants in the Issuer's program and its residents, or deem this special services covenant to be satisfied in whole or in part.

**Section 7.12. Related Party Transactions.** The Corporation shall not enter into any transaction, including, without limitation, the purchase, sale, lease, or exchange of property or the rendering of any service, with any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Corporation's business and upon terms found by the governing body of the Corporation to be fair and reasonable and no less favorable to the Corporation than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

**Section 7.13. Continuing Disclosure.** The Corporation, with the consent of the Issuer, has executed a Continuing Disclosure Certificate. While this Continuing Disclosure Certificate is in effect, the Corporation shall at all times remain party to the Continuing Disclosure Certificate, or if the Continuing Disclosure Certificate terminates, it shall enter into a similar agreement to provide for the dissemination of the financial statements and notices required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Corporation agrees that while the Series 2020 Bonds are Outstanding, it will perform its obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Corporation to comply with the Continuing Disclosure Certificate shall not be a Default.

**Section 7.14. Purchase of Tax Exempt Bonds.** Neither the Corporation nor any Related Person, pursuant to any arrangement, formal or informal, will purchase any of the Tax

Exempt Bonds, unless the Corporation or such Related Person delivers a favorable Opinion of Bond Counsel to the Bond Trustee and the Issuer.

**Section 7.15. Environmental Matters.** Since July 22, 2020 there have not been any violations of any of the hereinafter defined Environmental Regulations with respect to the Project. Without limiting any other provisions hereof, the Corporation will indemnify and hold harmless the Issuer, the Master Trustee and the Bond Trustee from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any kind whatsoever (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any of the following (collectively, “Environmental Laws”): the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act of 1976, any so-called “Superfund” or “Superlien” law, or any other federal, state or local statute, law, ordinance, code, rule, regulations, order or decree, now or hereafter in force, regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substances) paid, incurred, suffered by or asserted against the Issuer, the Master Trustee or the Bond Trustee as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of, any of the Corporation: (i) the presence of any Hazardous Substances on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release of any Hazardous Substances from the Project or any part thereof, or (ii) any liens against the Project, or any part thereof, permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligations of the Corporation under any Environmental Laws, or (iii) any actual or asserted liability or obligations of the Issuer, the Master Trustee or the Bond Trustee under any Environmental Law relating to the Project. Notwithstanding any other provision of this Agreement, the covenants, indemnities and obligations provided for in this Section shall survive the payment and performance of the other obligations of the Corporation under this Agreement.

**Section 7.16. Membership in Obligated Group.** The Corporation hereby covenants and agrees that while the Series 2020 Bonds are Outstanding, it will remain an Obligated Group Member.

**Section 7.17. Funding of Coverage Support Fund.** The Corporation hereby covenants to fund the Coverage Support Fund on the Closing Date in the amount of \$ \_\_\_\_\_, from sources other than the proceeds of the Series 2020 Bonds. The Corporation shall be permitted to withdraw funds from the Coverage Support Fund upon written request to the Bond Trustee in the event that the Corporation certifies to the Bond Trustee that such withdrawal is necessary in order to produce a Debt Service Coverage Ratio (as defined in the Master Indenture) of not less than 1.30 as of the end of any Fiscal Year. Additionally, the Corporation covenants that it shall request such withdrawal if it is necessary to produce a Debt Service Coverage Ratio (as defined in the Master Indenture) of not less than 1.20 as of the end of any Fiscal Year. Any such request shall be made at least three (3) Business Days prior to the date the applicable certificate as to Debt Service Coverage Ratio is required to be delivered with respect to such calculation under the Master Indenture. Upon the earlier of (i) the payment in full of the Series 2020B-1 Bonds and the Series 2020B-2 Bonds, or (ii) the refinancing of the Series 2014 Bonds to achieve a net present value debt service savings, such refinancing and savings to be evidenced by a certificate of the Corporation delivered to the Bond Trustee, the Corporation shall request the withdrawal of all amounts remaining in the Coverage Support Fund and direct the Bond Trustee to close such

fund; provided no Event of Default under the Bond Indenture shall have occurred and be continuing.

[End of Article VII]

**ARTICLE VIII  
ASSIGNMENT AND LEASING**

**Section 8.1. Assignment and Leasing by Corporation.** This Agreement may be assigned, and all or any portion of any Project may be leased by the Corporation without the consent of either the Issuer or the Bond Trustee, provided that each of the following conditions is complied with:

(a) No assignment or leasing shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such assignment or leasing the Corporation shall continue to remain primarily liable for payment of the loan payments and other payments specified in Article V hereof and for performance and observance of the other covenants and agreements contained herein.

(b) The assignee or lessee shall assume in writing the obligations of the Corporation hereunder to the extent of the interest assigned or leased, provided that the provisions of this subsection shall not apply to a lease of a portion of any Project or an operating contract for the performance by others of health care or medical services on or in connection with any Project, or any part thereof.

(c) The Corporation shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Bond Trustee a true and complete copy of each such assumption of obligations and assignment or lease of any Project, as the case may be.

**Section 8.2. Assignment and Pledge by Issuer.** Solely pursuant to the Bond Indenture, the Issuer may assign its interest in and pledge any moneys receivable under the Obligations and this Agreement (except in respect of certain rights to indemnification and for Administration Expenses, indemnification and payment of attorneys' fees and expenses pursuant to Sections 5.7, 7.5 and 9.5 hereof) to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds. The Corporation consents to such assignment and pledge.

[End of Article VIII]

**ARTICLE IX  
FAILURE TO PERFORM COVENANTS AND REMEDIES THEREFOR**

**Section 9.1. Failure to Perform Covenants.** Upon failure of the Corporation to pay when due any payment (other than failure to make any payment on any Obligation, which default shall have no grace period) required to be made under this Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and continuation of such failure for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Bond Trustee, the Issuer or the Bond Trustee shall have the remedies provided in Section 9.2 hereof.

**Section 9.2. Remedies for Failure to Perform.** Upon the occurrence of a failure of the Corporation to perform as provided in Section 9.1 hereof, the Issuer or the Bond Trustee, as assignee or successor of the Issuer, upon compliance with all applicable law, in its discretion may take any one or more of the following steps:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer, and require the Corporation to carry out any agreements with or for the benefit of the Bondholders and to enforce performance and observance of any duty, obligation, agreement or covenant of the Corporation under the Act or this Agreement; or

(b) by action or suit in equity require the Corporation to account as if it were the trustee of an express trust for the Issuer; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer; or

(d) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

**Section 9.3. Discontinuance of Proceedings.** In case any proceeding taken by the Issuer or the Bond Trustee on account of any failure to perform under Section 9.1 shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had been taken.

**Section 9.4. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Issuer or the Bond 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 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. In order to entitle the Issuer or the Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required in Section 9.1 hereof. Such rights

and remedies given the Issuer hereunder shall also extend to the Bond Trustee and the holders of the Bonds, subject to the Bond Indenture.

**Section 9.5. Agreement to Pay Attorneys' Fees and Expenses.** In the event the Issuer or the Bond Trustee should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein or in the Bond Indenture contained, the Corporation agrees that it will on demand therefor pay to the Issuer or the Bond Trustee, as the case may be, the reasonable fee of such attorneys and such other reasonable expenses incurred by the Issuer or the Bond Trustee.

**Section 9.6. Waivers.** In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Agreement to the Bond Trustee under the Bond Indenture, the Issuer shall have no power to waive any failure to perform under Section 9.1 hereunder without the consent of the Bond Trustee (other than a failure to observe the covenants contained in Section 4.10 hereof, which may be waived by the Issuer without the consent of the Bond Trustee).

[End of Article IX]

## ARTICLE X PREPAYMENT OF OBLIGATIONS

**Section 10.1. General Option to Prepay Obligations.** The Corporation shall have and is hereby granted the option exercisable at any time to prepay all or any portion of its payments due or to become due on any or all of the Obligations by depositing with the Bond Trustee for payment into the Bond Fund or any bond fund created with respect to any series of Additional Bonds an amount of money or Government Obligations the principal and interest on which when due, will be equal to an amount sufficient to pay the principal of, premium, if any, and interest on any portion of the Bonds then Outstanding under the Bond Indenture, without penalty (other than any premium due on the Bonds) through the date such Bonds shall be paid or redeemed. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Bond Indenture and the Corporation specifies the date for such redemption and provides for the payment of any redemption premium or penalty. In the event the Corporation prepays all of its payments due and to become due on all the Obligations by exercising the option granted by this Section and upon payment of all reasonable and necessary fees and expenses of the Bond Trustee, the Issuer and any Paying Agent accrued and to accrue through final payment of the Bonds called for redemption as a result of such prepayment and of all Administration Expenses through final payment of the Bonds called for redemption as a result of such prepayment, this Agreement shall terminate; provided that no such termination shall occur unless all of the Bonds are no longer Outstanding.

**Section 10.2. Conditions to Exercise of Option.** To exercise the option granted in Section 10.1 hereof, the Corporation shall give written notice to the Issuer and the Bond Trustee which shall specify therein the date of such redemption, which date shall be not less than 45 days from the date the notice is mailed and shall also comply with the Bond Indenture.

[End of Article X]

## ARTICLE XI MISCELLANEOUS

**Section 11.1. Notices.** Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

- (a) The date of notice by telefax, telecopy, or similar telecommunications, which is confirmed promptly in writing;
- (b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail;
- (c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above. The address for notice for each of the parties shall be as follows:

Palm Beach County Health Facilities Authority  
c/o Haile, Shaw & Pfaffenberger, P.A.  
660 U.S. Highway One, Third Floor  
North Palm Beach, Florida 33408  
Attention: John F. Flanigan, Esq.  
Telephone: (561) 627-8100  
Telecopier: (561) 622-7603

Corporation:

Federation CCRC Operations Corp.  
9901 Donna Klein Boulevard  
Boca Raton, Florida 33428  
Attention: President  
Telephone: (561) 852-3100  
Telecopier: (561) 852-3265

Bond Trustee:

U.S. Bank National Association  
500 West Cypress Creek Road, Suite 460  
Fort Lauderdale, Florida 33309  
Attention: Corporate Trust Services  
Telephone: (954) 938-2475  
Telecopier: (954) 202-2082

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

**Section 11.2. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Corporation, and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.8, 8.1, 8.2, 11.9 and 11.12 hereof.

**Section 11.3. Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 11.4. Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Bond Fund, the Debt Service Reserve Fund and any Construction Fund upon expiration or sooner termination of this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Indenture), the fees, charges, and expenses of the Bond Trustee, the Issuer and the Paying Agent in accordance with the Bond Indenture, the Administration Expenses and all other amounts required to be paid under this Agreement and the Bond Indenture, shall belong to and be paid to the Corporation by the Bond Trustee or the Issuer; provided, however, that prior to the disbursement of such remaining funds to the Corporation, the Bond Trustee shall have received a certificate of the Master Trustee to the effect that no payments required under the Master Indenture or any Obligation issued and outstanding thereunder are past due and owing, to the knowledge of the Master Trustee. If any payments are past due and owing under the Master Indenture, the Bond Trustee shall deliver such remaining amounts to or upon the order of the Master Trustee.

**Section 11.5. Amendments, Changes, and Modifications.** Except as otherwise provided in this Agreement or in the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Indenture), this Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of the Bond Trustee.

**Section 11.6. 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.

**Section 11.7. Payment.** At such time as the principal of, premium, if any, and interest on all Bonds Outstanding under the Bond Indenture shall have been paid, or shall be deemed to be paid, in accordance with the Bond Indenture, and all other sums payable by the Corporation under this Agreement shall have been paid, the Obligations shall be deemed to be fully paid and shall be delivered by the Bond Trustee to the Master Trustee for cancellation.

**Section 11.8. Governing Law.** This Agreement shall be governed and construed in accordance with the law of the State.

**Section 11.9. No Pecuniary Liability of Issuer.** No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Agreement, the Issuer has not obligated itself except with respect to the application of the revenues, income, and all other property therefrom, as hereinabove provided.

**Section 11.10. Payments Due on Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in Fort Lauderdale, Florida, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Agreement.

**Section 11.11. Waiver of Personal Liability.** No member, officer, agent or employee of any Member or the Issuer or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or Redemption Price) or interest on the Series 2020 Bonds or any sum hereunder or under the Bond Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

**Section 11.12. Issuer's Performance.** None of the provisions of this Agreement shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Revenues pledged under the Bond Indenture, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any administrative service with respect to the Series 2020 Bonds and the facilities (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Bond Trustee or the Corporation. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Agreement, the Bond Indenture, and any and every Series 2020 Bond executed, authenticated and delivered under the Bond Indenture; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Corporation or the Bond Trustee, and (b) the Issuer shall have received the instrument to be executed.

**Section 11.13. No Individual Liability.** No covenant or agreement contained in this Agreement or the Bond Indenture shall be deemed to be the covenant or agreement of any member of the Board or the governing body of the Corporation or the Bond Trustee or of any officer, director, trustee, agent or employee of the Issuer, the Bond Trustee or the Corporation, in his or her individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement or any assessment or penalty, or otherwise.

**Section 11.14. Survival of Covenants.** All covenants, agreements, representations and warranties made by the Corporation in this Agreement, the Bond Indenture, the Obligations and the Bonds, and in any certificates or other documents or instruments delivered pursuant to this Agreement or the Bond Indenture, shall survive the execution and delivery of this Agreement, and the Bond Indenture and the Obligations and shall continue in full force and effect until the Bonds and the Obligations are paid in full and all of the Corporation's other payment obligations (including without limitation the indemnification obligation under Section 7.5 and the obligations under Sections 5.5, 5.7 and 9.5 hereof) under this Agreement, the Bond Indenture,

the Obligations and the Bonds are satisfied. All such covenants, agreements, representations and warranties shall be binding upon any successor and assigns of the Corporation.

**Section 11.15. Assignments.** This Agreement may not be assigned by either party without consent of the other except that the Issuer shall assign to the Bond Trustee its rights under this Agreement (except its Reserved Rights) and the Corporation may assign its rights under this Agreement as provided by Section 8.1 hereof.

**Section 11.16. Rights of Bond Trustee.** The Bond Trustee shall have and be protected by all of the rights, powers, indemnities, privileges, immunities and other protections provided to the Bond Trustee under the Bond Indenture which are hereby incorporated herein by reference.

**Section 11.17. Receipt of and Compliance with Bond Indenture.** The Corporation acknowledges that it has received an executed copy of the Bond Indenture, and accepts and agrees to the provisions thereof, including, without limitation, the provisions of Section 9.02 of the Bond Indenture with respect to compensation and indemnification of the Bond Trustee, and agrees that it will take all such actions as are required or contemplated of it under the Bond Indenture to preserve and protect the rights of the Bond Trustee, the Issuer and of the Holders thereunder and that it will not take any action which would cause a default or Event of Default thereunder. It is agreed by the Corporation and the Issuer that redemptions of Series 2020 Bonds prior to maturity shall be effected as provided in the Bond Indenture. The Corporation hereby agrees that its interest in the Property and its rights hereunder are subject to and subordinated to the interest and rights of the Bond Trustee under the Indenture and acknowledges that the Bond Trustee has entered into the Bond Indenture in reliance upon the assignment to the Bond Trustee of the Issuer's rights under this Agreement and the Corporation's provision of indemnity. The Corporation covenants that it will perform all of the Issuer's obligations and covenants under the Bond Indenture to the extent that they can be performed by the Corporation thereunder. The Corporation further agrees that it will reimburse the Issuer for any expenses incurred in the administration of any of the foregoing agreements and this Agreement and will hold the Issuer harmless from any liabilities thereunder. The Corporation further covenants that it will perform all of the duties and obligations of the Corporation that are set forth in the Bond Indenture.

**Section 11.18. Usury and Total Interest.** This Agreement is subject to the express condition, and it is agreed, that at no time shall payment of the Series 2020 Obligations hereunder or under the Bond Indenture that are or are construed to be payments of interest on the unpaid principal amount of the Series 2020 Bonds reflect interest that is borne at a rate in excess of the maximum permitted by law. The Corporation shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Agreement or the Bond Indenture the Corporation is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. This Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

[End of Article XI]

IN WITNESS WHEREOF, the Issuer and the Corporation have caused this Agreement to be executed on their behalf by their respective authorized signatories, all as of the date first above written.

(SEAL)

**PALM BEACH COUNTY HEALTH  
FACILITIES AUTHORITY**

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

Attest:

By: \_\_\_\_\_  
Designated Member

**FEDERATION CCRC OPERATIONS CORP.**

By: \_\_\_\_\_  
Assistant Treasurer and Secretary

**EXHIBIT A  
PROJECT DESCRIPTION**

The Project includes the expansion of the continuing care retirement community in Boca Raton, Florida, known as the Toby and Leon Cooperman Sinai Residences of Boca Raton.



**EXHIBIT B**

**FORM FOR COST OF ISSUANCE DISBURSEMENT**

NO. \_\_\_\_

U.S. Bank National Association  
500 West Cypress Creek Road, Suite 460  
Fort Lauderdale, Florida 33309  
Attention: Corporate Trust Services

Re: Palm Beach County Health Facilities Authority Revenue Bonds (Toby & Leon  
Cooperman Sinai Residences of Boca Raton Expansion) Series 2020

Gentlemen:

This request for disbursement is submitted to you pursuant to Section 4.6 of the Loan Agreement (the "Loan Agreement") dated as of September 1, 2020, between the Palm Beach County Health Facilities Authority and Federation CCRC Operations Corp. (the "Corporation") relating to the above-captioned Bonds. You are hereby requested to make the following disbursements from the Cost of Issuance Fund for the payment of Cost of Issuance referred to below, as defined and provided in the Loan Agreement.

1. (List payments to be made)
- 2.
- 3.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FEDERATION CCRC OPERATIONS CORP.**, as  
Corporation

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

**This Instrument Prepared by  
and Return to:**

**Jeffrey Drew Butt, Esquire  
Squire Sanders (US) LLP  
201 N. Franklin Street  
Suite 2100  
Tampa, Florida 33602**

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**THIS MORTGAGE AND SECURITY AGREEMENT IS GIVEN IN CONNECTION WITH THE ISSUANCE OF BONDS BY THE PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY AND IS EXEMPT FROM TAXATION PURSUANT TO CHAPTER 154, PART III, AND CHAPTER 159, PART II, AND IN PARTICULAR SECTION 159.31, FLORIDA STATUTES.**

**MORTGAGE AND SECURITY AGREEMENT**

**THIS MORTGAGE AND SECURITY AGREEMENT** (this “Mortgage”) from **FEDERATION CCRC OPERATIONS CORP.**, a Florida not-for-profit corporation, 9901 Donna Klein Boulevard, Boca Raton, Florida 33428 (the “Mortgagor”) to **U.S. BANK NATIONAL ASSOCIATION**, in its capacity as Master Trustee under the hereinafter described Master Indenture, 225 E. Robinson Street, Suite 250, Orlando, Florida 32801 (“Mortgagee”), executed and delivered as of the 21<sup>st</sup> day of May, 2014.

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

**WHEREAS**, Mortgagor has caused to be executed and delivered separate Indentures of Trust each dated as of May 1, 2014, as accepted and executed by the **PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY** (the “Issuer”) and **U.S. BANK NATIONAL ASSOCIATION**, as bond trustee, pursuant to which \$120,735,000 aggregate principal amount of the Issuer’s Revenue Bonds (Sinai Residences of Boca Raton Project), Series 2014A (the “Series 2014A Bonds”), \$14,000,000 aggregate principal amount of the Issuer’s Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014B (the “Series 2014B Bonds”), \$55,000,000 aggregate principal amount of the Issuer’s Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Sinai Residences of Boca Raton Project), Series 2014C (together with the Series 2014A Bonds and the Series 2014B Bonds, the “Series 2014A/B/C Bonds”), \$3,050,000 aggregate principal amount of the Issuer’s Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-1 and \$21,000,000 aggregate principal amount of the Issuer’s Draw Down Revenue Bonds (Sinai Residences of Boca Raton Project), Subseries 2014D-2 (collectively, the “Series 2014D Bonds” and, together with the Series 2014A/B/C Bonds, the “Bonds”) have been issued, as applicable;

**WHEREAS**, the Mortgagor has delivered this Mortgage to the Mortgagee for the benefit of the Issuer;

**WHEREAS**, Mortgagor has entered into a Loan Agreement related to the Series 2014A/B/C Bonds and a Loan Agreement related to the Series 2014D Bonds, each with the Issuer dated as of May 1, 2014 (collectively, the “Loan Agreements”) pursuant to which the Issuer will loan the proceeds of the Bonds to Mortgagor to finance certain capital projects and to refund certain indebtedness, as described therein;

**WHEREAS**, as further security for and to evidence its obligation to repay the loans, the Mortgagor will issue its Federation Operations Corp. CCRC Series 2014A Obligation, its Federation Operations Corp. CCRC Series 2014B Obligation, its Federation Operations Corp. CCRC Series 2014C Obligation and its Federation Operations Corp. CCRC Series 2014D Obligation, each dated May 21, 2014 (collectively, the “Series 2014 Obligations”);

**WHEREAS**, the Series 2014 Obligations are being issued under and pursuant to the Master Trust Indenture dated as of May 1, 2014 (the “Master Trust Indenture”) between the Mortgagor and the Master Trustee;

**WHEREAS**, the Master Trust Indenture is being supplemented by Supplemental Indenture Number 1 dated as of May 1, 2014 between the Mortgagor and the Master Trustee (“Supplement No. 1”), pursuant to which Series 2014 Obligations will be issued;

**WHEREAS**, the Master Trust Indenture may be further supplemented in the future by supplemental indentures (the “Additional Supplements”) for the issuance of obligations specifically designated by the Mortgagor to be secured by this Mortgage (the “Additional Obligations”); and

**WHEREAS**, the Master Trust Indenture, Supplement No. 1 and any Additional Supplements are hereinafter collectively referred to herein as the “Master Indenture” and the Series 2014 Obligations and any Additional Obligations are collectively referred to herein as the “Obligations.” The Master Indenture and the Obligations are collectively referred to herein as the “Loan Documents”;

**NOW, THEREFORE**, in consideration of the premises and in order to secure (a) the payment of both the principal of, and interest on and any other sums payable on the Obligations, the Master Indenture and this Mortgage and (b) the performance and observation of all of the provisions of the Obligations, the Master Indenture and this Mortgage, Mortgagor hereby grants, sells, warrants, aliens, remises, releases, conveys, assigns, transfers, mortgages and sets over and confirms unto Mortgagee, all of Mortgagor’s estate, right, title and interest in, to and under all that certain real property (“Land”) situated in Palm Beach County, Florida, more particularly described in Exhibit “A” attached hereto and by this reference incorporated herein.

**TOGETHER WITH** all improvements now or hereafter located on the Land and all fixtures, appliances, equipment, heating and air conditioning equipment, machinery and articles of personal property and replacements thereof (other than those owned by any lessees of the Land) now or hereafter affixed to, attached to, placed upon, or used in any way in connection with the complete and comfortable use, occupancy, or operation of the Land (the “Equipment”), all licenses and permits used or required in connection with the use of the Land, all leases of the Land or improvements now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including without limitation, cash or securities deposited thereunder pursuant to said

leases, and all rents, issues, proceeds, and profits accruing from the Land and together with all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including without limitation, proceeds of insurance and condemnation awards.

**TOGETHER WITH** all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining and the reversion and reversions thereof and all the estate, right, title, interest, homestead, dower and right of dower, separate estate, possession, claim and demand whatsoever, as well in law as in equity, of Mortgagor and unto the same, and every part thereof, with the appurtenances of Mortgagor in and to the same, and every part and parcel thereof (the foregoing said real property, tangible and intangible personal property are hereinafter referred to as the “Mortgaged Property” or the “Property”).

**TO HAVE AND TO HOLD** the Mortgaged Property unto Mortgagee. Mortgagor hereby grants to Mortgagee a security interest in the foregoing described tangible and intangible personal property.

Mortgagor warrants that it has a good and marketable title to an indefeasible fee estate in the Mortgaged Property subject to no lien, charge or encumbrance except such as Mortgagee has agreed to writing (the “Approved Encumbrances”), Permitted Encumbrances (as defined in the Master Indenture) and the Permitted Liens listed in Exhibit “B” hereto, and Mortgagor covenants that this Mortgage is and will remain a valid and enforceable first mortgage on the Mortgaged Property subject only to (i) Approved Encumbrances; (ii) the Permitted Encumbrances and; (iii) Permitted Liens listed in Exhibit “B” hereto. Mortgagor has full power and lawful authority to mortgage the Mortgaged Property in the manner and form herein done or intended to be done or intended hereafter to be done. Mortgagor will preserve such title and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Mortgagee shall from time to time require in order to preserve the priority of the lien of this Mortgage or to facilitate the performance of the terms hereof.

**PROVIDED, HOWEVER**, that if Mortgagor shall pay to Mortgagee and/or otherwise satisfies: (i) the indebtedness in the principal sum then due as evidenced by the Obligations with interest and upon the terms as provided therein; and (ii) all other sums advanced by Mortgagee to or on behalf of Mortgagor pursuant to the Obligations, the Master Indenture or this Mortgage, which Obligations contain provisions for payment of costs of collection including attorneys’ fees, in the Event of Default, as described herein, waiver of presentment for payment, notice of nonpayment, protest and notice of protest, and consent to the extension from time to time of payment without notice, and the terms of which are hereby incorporated by reference and made a part hereof, and of any renewal, extension or modification, thereof and of this Mortgage, then this Mortgage and the estate hereby created shall cease and terminate and Mortgagee shall promptly execute and deliver to the Mortgagor all documents necessary to effect such release at Mortgagor’s cost.

Mortgagor further covenants and agrees with Mortgagee as follows:

1. To pay all sums, including interest secured hereby when due, as provided for in the Master Indenture and the Obligations and any renewal, extension or modification thereof and in this Mortgage, all such sums to be payable in lawful money of the United States of America at Mortgagee's aforesaid designated corporate office, or at such other place as Mortgagee may designate in writing.

2. To pay when due, and without requiring any notice from Mortgagee; all taxes, assessments of any type or nature and other charges levied or assessed against the Mortgaged Property or this Mortgage and produce receipts therefor upon demand. To immediately pay and discharge any claim, lien or encumbrance against the Mortgaged Property which may be or become superior to this Mortgage, other than the Approved Encumbrances, the Permitted Encumbrances or the Permitted Liens, and to permit no Event of Default or delinquency, after applicable notice, cure and grace periods, on any other lien, encumbrance or charge against the Mortgaged Property. Mortgagor shall have the right to contest or object to the amount or validity of any assessments, charges, claims, liens or encumbrances in accordance with law.

3. To keep the Mortgaged Property insured against such risks and perils and in such amounts required by the Master Indenture. Unless the Mortgagor is self insured pursuant to the terms of the Master Indenture, the policy or policies of such insurance shall be in the form in general use from time to time in the locality in which the Mortgaged Property is situated, shall be in such amount as required by the Master Indenture, shall be issued by a company or companies acceptable under the terms of the Master Indenture and shall contain a standard mortgagee clause with loss payable to Mortgagee. Whenever required by the Mortgagee, certificates of insurance relating to such policies shall be delivered immediately to the Mortgagee.

4. Subject to the exceptions provided in Section 4.06 of the Master Trust Indenture, to maintain the Mortgaged Property in good condition and repair, including but not limited to the making of such repairs as Mortgagee may from time to time determine to be necessary for the preservation of the Mortgaged Property and to not commit or permit any material waste thereof, which would have a material adverse effect on its ability to carry on its operations as presently conducted or to perform its obligations under this Mortgage or any of the other documents required to be delivered hereunder or the Master Indenture.

5. To comply, in all material respects, with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Mortgaged Property, and not to suffer or permit any violation thereof, which would have a material adverse effect on its ability to carry on its operations as presently conducted or to perform its obligations under this Mortgage or any of the other documents required to be delivered hereunder or the Master Indenture.

6. If Mortgagor fails to pay or discharge (subject to Mortgagor's right to contest or object to the amount or validity of any assessment, charge, claim, lien or encumbrance provided in Section 2 above) any claim, lien or encumbrance which is superior to this Mortgage, other than an Approved Encumbrance, a Permitted Encumbrance or a Permitted Lien, or prior to delinquency, any tax or assessment or insurance premium, or to keep the Mortgaged Property in repair, as required by the Master Indenture, or shall commit or permit material waste, or if there be commenced any action or proceeding affecting the title to or owners of the Mortgaged

Property, or the interest of Mortgagee therein, including, but not limited to, eminent domain and bankruptcy or reorganization proceedings, then Mortgagee, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, with right of subrogation thereunder, may make such repairs and take such steps as it deems advisable to prevent or cure such material waste, and may appear in any such action or proceeding and retain counsel therein, and take such action therein as Mortgagee deems advisable, and for any of such purposes Mortgagee may advance such sums of money, including all costs, reasonable attorneys' fees and other items of expense as it deems reasonably necessary. Mortgagee shall not be held accountable for any delay in making any such payment, which delay may result in any additional interest, costs, charges, expenses or otherwise. All sums which may be advanced by Mortgagee pursuant to this paragraph shall be secured by the lien of this Mortgage and shall bear interest at the Advance Rate (as defined herein).

If no Event of Default shall have occurred and be continuing under this Mortgage, in any instance where Mortgagor in its discretion determines that any items constituting the Equipment have become inadequate, obsolete, worn out, unsuitable, damaged or destroyed, undesirable or unnecessary, the Mortgagor may remove such items from the Land and sell, trade in, exchange or otherwise dispose of said Equipment (as a whole or in part); provided, that such removal and substitution shall not impair the operating unity of the Mortgaged Property or substantially reduce its value. The lien and the security interests created by this Mortgage shall be automatically released from the Equipment now or hereafter affixed to, attached to, placed upon, or used in any way in connection with the use, occupancy, or operation of the Land, at the time the Equipment is removed from the Land in accordance with the terms of this paragraph. All Equipment now or hereafter affixed to, attached to, placed upon, or used in any way in connection with the use, occupancy, or operation of the Land shall be free of all liens, charges, and encumbrances, except Approved Encumbrances, Permitted Encumbrances and Permitted Liens, and shall become a part of the Mortgaged Property.

The Mortgagor will pay any reasonable costs, including reasonable attorneys' fees, incurred in subjecting to the security interest granted herein any fixtures, appliances, apparatus, equipment, heating and air conditioning equipment, machinery and other articles of personal property that under this Mortgage become part of the Equipment. The Mortgagor will not remove, or permit the removal of, any of the Equipment except in accordance with the provisions of this Section 6.

Upon receipt of an officer's certificate from the Mortgagor requesting a confirmation of the release of the Mortgagee's lien and security interest on any Equipment removed or to be removed by the Mortgagor and stating that Mortgagor has complied or will comply with the provisions of this Section 6 with respect to such removal, the Mortgagee shall, at Mortgagor's cost, deliver any releases and/or UCC-3 terminations deemed necessary by the Mortgagor with regard to the removal of any such Equipment.

7. Mortgagor will pay to Mortgagee, immediately and without demand, all sums of money advanced by Mortgagee to protect the security hereof pursuant to this Mortgage, including all costs, reasonable attorney's fees and other items of expense, together with interest on each such advancement at a rate equal to the lesser of twelve percent (12%) per annum or the maximum rate permitted by law (the "Advance Rate"), and all such sums and interest thereon shall be secured hereby.

8. If an Event of Default, as defined in Section 24 hereof, shall occur, all of the indebtedness secured hereby shall become and be immediately due and payable at the option of Mortgagee, without notice or demand which are hereby expressly waived, in which event Mortgagee may avail itself of all rights and remedies, at law or in equity, and this Mortgage may be foreclosed with all rights and remedies afforded by the laws of the State of Florida and Mortgagor shall pay all reasonable costs, charges and expenses thereof, including reasonable attorney's fee, including all such reasonable costs, expenses and attorneys' fees for any retrial, rehearing or appeals.

9. If an Event of Default shall occur:

(a) Mortgagee is authorized at any time, with written notice, in its sole discretion to enter upon and take possession of the Mortgaged Property or any part thereof, to perform any acts Mortgagee deems necessary or proper in its reasonable discretion to conserve the security and to collect and receive all rents, issues and profits thereof, including those past due as well as those accruing thereafter, as permitted by the laws of the State of Florida; and

(b) Mortgagee shall be entitled, as a matter of strict right, without notice and ex parte, and without regard to the value or occupancy of the security, or the solvency of Mortgagor, or the adequacy of the Mortgaged Property as security for the Obligation, to have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the rents and profits therefrom and apply the same as the court may direct, such receiver to have all the rights and powers permitted under the laws of the State of Florida.

(c) Mortgagee shall have, in addition to other rights and remedies available at law or in equity, the rights and remedies of a secured party under the Florida Uniform Commercial Code (the "Code"). Mortgagee may elect to foreclose such of the Property as then comprises fixtures pursuant either to the law applicable to foreclosure of an interest in real estate or to that applicable to personal property under the Code. To the extent permitted by law, Mortgagor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. In either such case, Mortgagee or the receiver may also take possession of, and for these purposes use, any and all personal property which is a part of the Mortgaged Property and used by Mortgagor in the rental or leasing thereof or any part thereof. The reasonable expense (including receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Mortgagee shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it on the indebtedness secured hereby in accordance with the provisions of the Master Indenture. The right to enter and take possession of the Mortgaged Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such rents, issues and profits actually received by Mortgagee.

10. If the indebtedness secured hereby is now or hereafter further secured by chattel mortgages, security interests, financing statements, pledges, contracts of guaranty, assignments of leases, or other securities, or if the Mortgaged Property hereby encumbered consists of more than one parcel of real property, Mortgagee may at its option exhaust any one or more of said

securities and security hereunder, or such parcels of the security hereunder, either concurrently or independently, and in such order as it may determine.

11. This Mortgage shall secure not only existing indebtedness evidenced by the Series 2014 Obligations, but also such future advances in the form of Additional Obligations issued in compliance with and under the terms of the Master Indenture, as specified by the Mortgagor, as are made within twenty (20) years from the date hereof; to the same extent as if such future advances were made on the date of the execution of this Mortgage, but such secured indebtedness shall not exceed at any time an amount equal to two times the amount of the Series 2014 Obligations plus interest, and any disbursements made for the payment of taxes, levies or insurance, on the Mortgaged Property, with interest on such disbursements. Any such future advances in the form of Additional Obligations may be made either prior to or after the due date of the Series 2014 Obligations. This Mortgage is given for the specific purpose of securing the Obligations, including without limitation the Additional Obligations (but in no event shall the secured indebtedness exceed at any time the maximum principal amount set forth in this paragraph) in whatever manner this indebtedness may be evidenced or represented, until this Mortgage is satisfied of record. All covenants and agreements contained in this Mortgage shall be applicable to all Additional Obligations issued by Mortgagor, under the Master Indenture and this future advance clause.

12. No delay by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by law, shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any Event of Default hereunder. No waiver by Mortgagee of any Event of Default shall constitute a waiver of or consent to subsequent Events of Defaults. No failure of Mortgagee to exercise any option herein given to accelerate maturity of the debt hereby secured, no forbearance by Mortgagee before or after the exercise of such option and no withdrawal or abandonment of foreclosure proceedings by Mortgagee shall be taken or construed as a waiver of its right to exercise such option or to accelerate the maturity of the debt hereby secured by reason of any past, present or future Event of Default on the part of Mortgagor; and, in like manner, the procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be taken or construed as a waiver of its right to accelerate the maturity of the debt hereby secured.

13. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for performance of any obligation contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of said obligation, and without notice or consent:

(a) Release any person liable for payment of all or any part of indebtedness or for performance of any obligation.

(b) Make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

(c) Exercise or refrain from exercising or waive any right Mortgagee may have.

(d) Accept additional security of any kind.

(e) Release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the Mortgaged Property.

14. To the extent allowed by applicable law, any agreement herewith made by Mortgagor and Mortgagee pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance other than the Approved Encumbrances, the Permitted Encumbrances and the Permitted Liens.

15. If the Mortgaged Property or any material part thereof is damaged or destroyed by fire, by condemnation, or any other cause, Mortgagor will give immediate written notice of the same to Mortgagee. In the event that any portion or portions of the Mortgaged Property are damaged or destroyed by fire or by any other casualty or are taken through any condemnation proceeding, and such damage, destruction or taking results in the need for repair, rebuilding, or restoration work to be performed on the Mortgaged Property that exceeds five percent (5%) of the current value of the Property, Plant and Equipment, as defined in the Master Indenture (such repair, rebuilding, or restoration is referred to herein as the "Work"), Mortgagee shall allow Mortgagor to use the amount by which the proceeds of all insurance policies or condemnation awards collected with respect to such damage or destruction (except such amounts as are attributable to a loss of rents) exceed the cost, if any, to Mortgagee for the recovery of such proceeds (said net amount is defined herein as the "Reconstruction Funds"), to perform the Work, so long as the following conditions have been met:

(a) No Event of Default exists and no event has occurred or condition exists that, with the giving of notice and/or the passage of time, would constitute an Event of Default;

(b) Mortgagor shall have delivered evidence satisfactory to Mortgagee that the improvements may be reconstructed in accordance with all applicable zoning and building codes, and all rules, regulations, and ordinances of all applicable governmental authorities and that, upon completion of the Work, the condition of the improvements will be at least equal in value and general utility to that which existed immediately prior to such casualty or condemnation;

(c) Mortgagor shall have delivered evidence satisfactory to Mortgagee that sufficient funds, including the Reconstruction Funds, are available to perform the Work and that the Work is capable of completion prior to the then effective maturity date of the Obligations;

(d) Mortgagor shall have delivered evidence satisfactory to Mortgagee that business interruption or income insurance proceeds payable to Mortgagor as a result of the damage or destruction or income from the Mortgaged Property, or that sources other than the Reconstruction Funds are sufficient to cover payments of debt service, costs, and expenses on the Series 2014 Obligations during the period the Work is to be performed; and

(e) Mortgagee shall be satisfied that it will not incur any liability to Mortgagor as a result of such use or release of insurance proceeds.

In the event that Reconstruction Funds exceed five percent (5%) of the current value of the Property, Plant and Equipment (as defined in the Master Indenture) and the conditions set forth above are satisfied, Mortgagee shall make the Reconstruction Funds available to Mortgagor for the Work only under the following procedures, terms, and conditions:

(a) Mortgagor shall execute and deliver to Mortgagee a copy of a contract with a licensed contractor acceptable to Mortgagee setting forth a fixed price for the Work and a completion date acceptable to Mortgagee;

(b) Mortgagor shall demonstrate to Mortgagee that the Reconstruction Funds are at least equal to the fixed price of the Work as set forth in said contract or shall deposit with Mortgagee funds in the amount by which such fixed price exceeds the Reconstruction Funds;

(c) The Work shall be supervised by an architect or engineer and performed with plans and specifications prepared by such architect or engineer and approved by Mortgagee;

(d) The Reconstruction Funds, plus any additional funds deposited by Mortgagor, shall be received and held by Mortgagee and disbursed in accordance with terms and conditions used by Mortgagee in connection with the Mortgagee's customary practice in disbursing construction loan proceeds, and Mortgagor shall reimburse Mortgagee for costs and expenses incurred in connection with such disbursements;

(e) Upon completion of and final payment for the Work, any remaining Reconstruction Funds shall, at the option of Mortgagee, be applied to the Series 2014 Obligations in such order as Mortgagee shall elect or paid over to Mortgagor; provided, however, that in either event any remaining additional funds deposited by Mortgagor for excess costs shall be refunded to Mortgagor; and

(f) Mortgagor shall otherwise comply with the terms and conditions of this Mortgage, the Loan Agreements and the Loan Documents.

In the event Reconstruction Funds exceed five percent (5%) of the current value of the Property, Plant and Equipment and any one or more of the conditions set forth above are not satisfied, Mortgagee may elect, in its sole discretion, to apply the Reconstruction Funds against the balance of the Obligations, whether or not due, in such manner as Mortgagee shall elect.

If an Event of Default shall occur or if Mortgagor shall fail diligently to pursue and complete the Work, Mortgagee may, in its sole discretion, apply any undisbursed Reconstruction Funds against the balance due under the Obligations, whether or not due, in such manner as Mortgagor shall elect. Provided no Event of Default exists, any Reconstruction Funds applied to reduce the principal balance on the Obligations shall not be considered a prepayment entitling Mortgagee to prepayment compensation.

16. If the Reconstruction Funds are less than or equal to five percent (5%) of the current value of the Property, Plant and Equipment, and no Event of Default exists and no event

has occurred or condition exists that, with the giving of notice and/or the passage of time, would constitute an Event of Default, then such Reconstruction Funds shall be immediately released to the Mortgagor.

17. In the event of any condemnation proceedings related to any of the Mortgaged Property, Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the sale in the amount in which the same shall be paid. In any such condemnation proceedings, Mortgagee may be represented by counsel selected by Mortgagee.

18. Mortgagor represents and warrants that, it is a corporation, duly organized and validly existing, in good standing under the laws of the state of its incorporation and is qualified to do business and is in good standing in the State of Florida, with full power and authority to consummate the loan contemplated hereby.

19. In the event any one or more of the provisions contained in this Mortgage or in the Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provisions of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal unenforceable provision had never been contained herein or therein. The total interest payable pursuant to the Obligations or this Mortgage shall not in any one year exceed the highest lawful rate of interest provided by law.

20. The covenants and agreements herein contained shall bind and the benefits and advantages shall inure to the respective successors and assigns of the parties hereto. Wherever used, the singular number shall include the plural, and the use of any gender shall be applicable to all genders. All covenants, agreements and undertakings shall be joint and several.

21. Except as allowed by the terms of the Master Indenture, if all or any part of the Property or any legal or equitable interest therein or in Mortgagor is sold, transferred or conveyed other than as permitted by the Loan Documents without the Mortgagee's prior written consent, all sums secured by this Mortgage shall be immediately due and payable and Mortgagee may exercise all of the rights and remedies provided in this Mortgage and the Obligations secured hereby. Except as allowed by the terms of the Master Indenture, the sale, transfer or conveyance of any part of the Property or any legal or equitable interest therein or in Mortgagor, except as permitted by the Loan Documents, shall be conclusively and irrefutably presumed to jeopardize the security and collateral of Mortgagee and as consideration for the making of the loan secured by this Mortgage, Mortgagor agrees that in any court proceeding brought to enforce the provisions of this paragraph Mortgagor shall waive any legal or equitable defenses that would preclude enforcement of this paragraph, including but without limitation, that the transfer of the Property has not resulted in an impairment to Mortgagee's security or that this paragraph constitutes an unreasonable restraint or alienation.

22. It is agreed that if any of the Property herein mortgaged is of a nature so that a security interest therein can be perfected under the Code, this instrument shall constitute a Security Agreement and fixture financing statement under the Code. Without limiting the foregoing, Mortgagor hereby irrevocably appoints Mortgagee its attorney-in-fact for Mortgagor to execute, deliver and file for or on behalf of Mortgagor at Mortgagor's expense, any financing

or continuation statements or other security agreements Mortgagee may require from time to time to perfect, confirm or maintain the lien of this Mortgage with respect to such Property, which appointment, being for security, is coupled with an interest and shall be irrevocable. With respect to goods that become fixtures after the recording of this Mortgage and before the completion of construction of any improvements, this Mortgage is, and shall be construed to be, a "Construction Mortgage" under the Code.

23. Mortgagor represents and warrants to Mortgagee, and Mortgagee specifically relies on such representations and warranties as follows:

(a) Environmental Condition of Property; Indemnification. Mortgagor warrants and represents to Mortgagee that: (i) while the Mortgagee has any interest in or lien on the Property, the Property described herein is and at all times hereafter will continue to be in compliance in all material respects with all federal, state and local environmental laws and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 9601 *et seq.*, and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No. 99-499, 100 Stat. 1613, and (ii) to the best of its knowledge as of the date hereof there are no hazardous materials, substances, wastes or other environmentally regulated substances located on, in or under the Property or used in connection therewith, or Mortgagor has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in compliance in all material respects with all of the terms, conditions and requirements of such licenses, permits and approvals. Mortgagor further warrants and it will promptly notify Mortgagee of any change in the nature or extent of any hazardous material, substances or wastes maintained on, in or under the Property or used in connection therewith other than customary hazardous materials used in connection with the proposed use of the Mortgaged Property in compliance in all material respects with all federal, state and local environmental laws and regulations, and will transmit to Mortgagee copies of any material citations, orders, notices or other material governmental or other communication received with respect to any other hazardous materials, substances, wastes or other environmentally regulated substances affecting the Property (each a "Complaint"). In the event Mortgagor receives a Complaint but fails to promptly address the matters addressed therein, Mortgagee shall have the right, but not the obligation (and without limitation of Mortgagee's rights under this Mortgage) to enter onto the Mortgaged Property or to take such other actions as it shall deem necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any such hazardous materials, substances or wastes that are the subject of the Complaint (a "Cure Action"). All reasonable costs and expenses, including reasonable attorneys' fees, incurred by Mortgagee in the exercise of any such rights shall be secured by this Mortgage; shall be payable by Mortgagor upon demand; and shall accrue interest at the highest lawful rate from the date paid by Mortgagee.

Mortgagor shall indemnify and hold Mortgagee harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys', consultants' or experts' fees and expenses) of every kind and nature incurred, suffered by or asserted against Mortgagee as a direct or indirect result of (i) any warranty or representation made by Mortgagor in the preceding paragraph being false or untrue in any material respect or any requirement under any law, regulation or ordinance,

local, state or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances and (ii) any Cure Action taken by Mortgagee pursuant to the foregoing paragraph.

Mortgagor's obligations hereunder shall not be limited to any extent by the term of the Obligations secured hereby, and, as to any act or occurrence prior to payment in full and satisfaction of said Obligations which gives rise to liability hereunder, shall continue, survive and remain in full force and effect notwithstanding payment in full and satisfaction of said Obligations and this Mortgage or foreclosure under this Mortgage, or delivery of a deed in lieu of foreclosure.

(b) Mortgagor has duly executed and delivered this Mortgage and each other document required to be delivered by it pursuant hereto and this Mortgage and each such other document constitutes a valid and binding obligation of Mortgagor enforceable in accordance with its terms.

(c) There is no action, suit, proceeding or investigation pending or, to Mortgagor's knowledge, threatened against or affecting Mortgagor at law or in equity or before or by any governmental department, commission, board or agency which might have any materially adverse effect on its ability to carry on its operations as presently conducted or to perform its obligations under this Mortgage, any of the other documents required to be delivered hereunder, any agreement to which it is a party or by which it is bound.

(d) Mortgagor is not a party to any agreement or instrument or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially and adversely affects or in the future may materially and adversely affect its business, operations, prospects, properties or assets or condition, financial or otherwise, or its ability to perform its obligations under this Mortgage or any other document required to be delivered in connection herewith or any agreement to which it is a party or by which it is bound.

(e) No consent, waiver or authorization of or filing with, any person is required to be obtained or made by it in connection with the execution, delivery and performance of this Mortgage or any other document required to be delivered in connection herewith. Neither the execution nor the delivery of this Mortgage or such documents nor the consummation of the transactions herein and therein contemplated nor compliance with the terms, conditions and provisions hereof and thereof will conflict with or result in a breach of or constitute an Event of Default under any of the terms, conditions or provisions of its charter documents or bylaws or of any agreement or instrument to which it is a party or by which it is bound or result in the creation or imposition of any mortgage lien, charge or encumbrance of any nature whatsoever upon its undertaking, property or assets.

(f) No representation or warranty made by Mortgagor in this Mortgage or any other document furnished to the Mortgagee from time to time in connection herewith contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein in light of the circumstances under which they are made not misleading. Except as previously disclosed in writing to the Mortgagee, there is no fact known to Mortgagor on the date of this Mortgage which materially adversely affects or which has any reasonable likelihood of materially adversely affecting the ability of Mortgagor to

carry on its obligations as presently conducted or to perform its obligations under this Mortgage or any documents required to be delivered by it hereunder.

24. In this Mortgage, an Event of Default means:

(a) If Mortgagor fails to pay when due after any applicable grace period any amount of principal or interest due hereunder or under the Obligations.

(b) If Mortgagor fails to pay when due any other amount due hereunder and such failure shall continue for a period of ten (10) business days after receipt of written notice requesting such payment.

(c) If any Event of Default occurs under the Obligations, the Master Indenture or this Mortgage.

(d) If (i) Mortgagor shall fail at any time to maintain insurance on the Mortgaged Property in accordance with the provisions of Section 3 hereof, (ii) any interest in the Mortgaged Property or Mortgagor shall be transferred in violation of Section 21 hereof or (iii) Mortgagor shall fail at any time to (A) pay all taxes, assessments and other charges levied or assessed against the Mortgaged Property or this Mortgage or (B) pay and discharge any unpermitted claim, lien or encumbrance.

(e) Mortgagor shall fail to comply with any other provision of this Mortgage and such failure shall continue for a period of thirty (30) days after receipt of written notice of such failure from the Mortgagee.

25. In addition to and without limiting any other rights or remedies of the Mortgagee under the Obligations and this Mortgage, the Mortgagee may, from time to time, when an Event of Default has occurred or an event has occurred and is continued which after notice or lapse of time or both would become an Event of Default, refuse to grant any further advances or accommodation to Mortgagor under the indebtedness. Any Event of Default under this Mortgage shall constitute an Event of Default under the Obligations, the Master Indenture and this Mortgage, and entitle Mortgagee to immediately enforce all rights and remedies thereunder. Upon the occurrence of any one or more Events of Default, all indebtedness of Mortgagor shall at the option of the Mortgagee immediately become due and payable without presentation, demand, protest or other notice of any kind, all of which are expressly waived; all collateral and securities shall become enforceable by the Mortgagee or its duly authorized agent; and the Mortgagee may appropriate any monies received from any person in or towards payment of such of the respective indebtedness and liability of Mortgagor to the Mortgagee as the Mortgagee may see fit and no Mortgagor shall have any right to require any inconsistent appropriation. The rights and remedies of the Mortgagee under this Mortgage and the Obligations, and in connection herewith and therewith are cumulative, may be exercised as often as the Mortgagee considers appropriate and are in addition to its rights and remedies under the general law.

26. This Mortgage shall inure to the benefit of the Mortgagee and its successors and assigns (provided that any such successor and assign is a successor Master Trustee under the Master Indenture) but, except as specifically provided herein, neither this Mortgage nor the benefit hereof may be assigned by Mortgagor. The rights of the Mortgagee under or in respect of



this Mortgage may be assigned by the Mortgagee from time to time in whole or in part to one or more persons with notice to Mortgagor but without the consent of, Mortgagor or any other person.

27. All agreements, representations, warranties and covenants made by or on behalf of Mortgagor herein and in the Loan Documents and in any transactions contemplated hereby or thereby are material, shall be considered to have been relied upon by the Mortgagee notwithstanding any investigation made at any time by or on behalf of the Mortgagee and shall survive execution and delivery of this Mortgage and the granting of accommodation hereunder and shall expire when the indebtedness and all amounts outstanding under this Mortgage have been repaid in full.

28. Mortgagor will do, execute and deliver, or will cause to be done, executed and delivered all such further acts, documents (including certificates, declarations, affidavits, reports and opinions) and things as the Mortgagee may reasonably request for the purpose of giving effect to this Mortgage or for the purpose of establishing compliance with the representations, warranties and conditions of this Mortgage.

29. The taking of a judgment or judgments for any other action or dealing whatsoever by the Mortgagee in respect of any security given by any person or entity to the Mortgagee shall not operate as a merger of any indebtedness or any liability of the Mortgagor to the Mortgagee or in any way suspend payment or affect or prejudice the rights, remedies and powers legal or equitable which the Mortgagee may have in connection with such indebtedness or liability or the foreclosure, surrender, cancellation or any other dealing with any security for such indebtedness or liability shall not release or affect the liability of the Mortgagor or any security held by the Mortgagee.

30. The Mortgagor hereby affirms, warrants and represents that all of the warranties and representations made in the Loan Documents and this Mortgage, and in any other documents or instruments executed with respect thereto directly or indirectly, are true and correct, in all material respects, as of the date hereto, and that Mortgagor is not aware of any Event of Default as to any of the foregoing, and that Mortgagor has no defense or right of off set with respect to any indebtedness to Mortgagee.

31. A default in the terms and conditions of any obligations of the Mortgagor or any guarantor to the Mortgagee of whatever nature or kind, including but not exclusive of this Mortgage, shall constitute a default in the terms and conditions of the Loan Documents. Likewise, any default in the terms and conditions of the Loan Documents, after the expiration of any applicable notice, grace and or cure periods, shall be and constitute a default under the terms and conditions of any other obligations owed by the Mortgagor or any guarantor to the Mortgagee.

32. Any notice shall be given by mailing such notice by certified mail, return receipt requested, addressed as follows:

Mortgagor:

**FEDERATION CCRC OPERATIONS CORP.**

9901 Donna Klein Boulevard  
Boca Raton, Florida 33428  
Attention: President

With copy to:

Jeffrey Drew Butt, Esq.  
Squire Sanders (US) LLP  
201 N. Franklin Street  
Suite 2100  
Tampa, Florida 33602

Mortgagee:

**U.S. BANK NATIONAL ASSOCIATION**

225 E. Robinson Street, Suite 250  
Orlando, Florida 32801  
Attention: Master Trustee

or at such other address as Mortgagor or Mortgagee may have designated by notice to the other. Any notice under this Mortgage shall also be provided to the holders of the Obligations.

33. In the event Mortgagee shall acquire title to the Property by conveyance from Mortgagor or as a result of foreclosure, this Mortgage shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record by Mortgagee in writing.

34. ANY TERMS HEREIN IN CONFLICT WITH OR CONTRARY TO THE TERMS OF THE MASTER INDENTURE OR THE LOAN AGREEMENTS SHALL BE SUPERSEDED BY THE PROVISIONS AND TERMS OF THE MASTER INDENTURE AND THE LOAN AGREEMENTS, AS APPLICABLE.

35. WAIVER OF JURY TRIAL. MORTGAGEE AND MORTGAGOR HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS MORTGAGE AND ANY AGREEMENTS CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY CONDUCT, COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) ACTION OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR MORTGAGEE'S ACCEPTANCE OF THIS MORTGAGE FROM MORTGAGOR.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage as of the date first above written.

Signed, Sealed and Delivered  
in the Presence of:

WITNESSES:

FEDERATION CCRC OPERATIONS  
CORP., a Florida not-for-profit corporation

(Witness 1 – Signature)

(Witness 1 – Printed Name)

(Witness 2 – Signature)

(Witness 2 – Printed Name)

STATE OF FLORIDA )  
 ) ss.  
COUNTY OF PALM BEACH )

The foregoing instrument was acknowledged before me on May \_\_, 2014, by Matt Levin, as the President of **FEDERATION CCRC OPERATIONS CORP.**, a Florida not-for-profit corporation, on behalf of the Mortgagor and \_\_ is personally known to me or \_\_ who has provided a driver’s license as identification (check one).

By: \_\_\_\_\_  
Name: Matt Levin  
Title: President

[Corporate Seal]

(Signature)

(Type Print Name)  
My Commission Expires  
My Commission Number

[SEAL]

Exhibit “A”

Legal Description of the Property

Parcel 1

A portion of Tract B-1, RAINBERRY P.U.D., PODS A, B & C REPLAT NO. 1, according to the Plat thereof, as recorded in Plat Book 118, at Pages 14 through 21 inclusive, of the Public Records of Palm Beach County, Florida, and being more particularly described as follows:

BEGINNING at the Northeast corner of said Tract B-1, said point being the POINT OF BEGINNING, the following five (5) courses being along the East and Southerly lines of said Tract B-1; Thence South 00°00'20" East, for 1,089.00 feet; Thence South 89°59'40" West, for 29.11 feet; Thence South 01°15'41" West, for 40.31 feet; Thence South 20°31'58" West, for 75.82 feet; Thence South 40°33'41" West, for 28.29 feet; Thence North 00°00'20" West, for 347.79 feet; Thence South 89°59'40" West, for 30.34 feet; Thence North 00°00'20" West, for 230.31 feet; Thence South 89°59'40" West, for 277.84 feet; Thence South 00°00'57" East, for 96.87 feet; Thence South 44°56'18" West, for 56.38 feet; Thence South 00°00'57" East, for 93.53 feet; Thence North 89°59'40" East, for 32.52 feet; Thence South 00°00'57" East, for 40.00 feet to a point on the Easterly extension of a South line of said Tract B-1; Thence South 89°59'40" West, for 867.29 feet to a point at the beginning of a non-tangent curve, concave to the West, said curve having a radius of 65.00 feet, a central angle of 53°55'32" and from said point a radial line bears North 74°59'26" West, said point also being on a West line of said Tract B-1; Thence Northerly along said curve for 61.18 feet; Thence South 89°24'26" East, for 345.89 feet; Thence North 00°00'57" West, for 114.42 feet; Thence North 45°34'56" West, for 30.34 feet; Thence North 00°00'57" West, for 86.19 feet; Thence South 89°59'40" West, for 80.18 feet; Thence North 78°20'26" West, for 104.17 feet; Thence South 89°59'40" West, for 147.63 feet to a point at the beginning of a non-tangent curve, concave to the West, said curve having a radius of 2,350.00 feet, a central angle of 02°04'33" and from said point a radial line bears South 89°34'03" West, said point also being on a West line of said Tract B-1; Thence Northerly along said curve for 85.14 feet; Thence South 89°49'46" East, for 165.82 feet; Thence North 74°48'30" East, for 62.14 feet; Thence North 85°39'44" East, for 76.01 feet; Thence North 00°22'45" East, for 394.87 feet; Thence South 89°59'40" West, for 330.31 feet to a point at the beginning of a non-tangent curve, concave to the West, said curve having a radius of 57.10 feet, a central angle of 45°32'40" and from said point a radial line bears North 82°22'19" West, said point also being on a West line of said Tract B-1, the following three courses being along said West line of Tract B-1; Thence Northerly along said curve for 45.39 feet to a point of reverse curvature with a curve concave to the East, said curve having a radius of 25.00 feet and a central angle of 37°53'50"; Thence Northerly along said curve for 16.54 feet; Thence North 00°01'09" West, for 57.53 feet to the North line of Said Tract B-1; Thence North 89°59'40" East along said North line, for 1,320.69 feet to the POINT OF BEGINNING.

AND

Parcel 2

Together with a non-exclusive easement for ingress and egress as set forth in that certain Reciprocal Easement and Operating Agreement by and between Jewish Community Facilities Corporation, a Florida not-for-profit corporation and Boca Raton Jewish Community Day School, Inc., a Florida not for profit

corporation, recorded in Official Records Book 24636, Page 1084, of the public records of Palm Beach County, Florida, over and across the following described lands:

That portion of 95th Avenue, as shown on the plat of Rainberry P.U.D., Pods A, B & C, according to the plat thereof, as recorded in Plat Book 80, Page 24, as modified by realignment of 95th Avenue as described in Official Records Book 12340, Page 1641, both of the public records of Palm Beach County, Florida.

And

All of Tract B, Rainberry Pod "D", according to the plat thereof, as recorded in Plat Book 86, Page 7, of the public records of Palm Beach County, Florida.

AND

Parcel 3

Together with an easement for ingress and egress of motor vehicles, equipment and pedestrians, as set forth and described in Access Easement, executed by Lake Worth Drainage District and Boca Raton Jewish Community Day School, Inc., Jewish Community Facilities Corporation and Federation CCRC Property Corp., recorded September 22, 2011 in Official Records Book 24757, Page 432, public records of Palm Beach County, Florida.

AND

Parcel 4

Together with easements for ingress and egress of motor vehicles and pedestrians, as set forth and described in Reciprocal Easement And Cost Sharing Agreement by and between Federation CCRC Property Corp., a Florida non profit corporation, Boca Raton Jewish Community Day School, Inc., a Florida non profit corporation, Federation-Gulfstream Housing, Inc., a Florida non profit corporation, SPBC Federation Housing, Inc., a Florida non profit corporation and Jewish Community Facilities Corporation, a Florida corporation, f/k/a SPBCJF Title Holding Corporation, a Florida non-profit corporation dated May 8th, 2014 and recorded May 12, 2014 in Official Records Book 26785, Page 283, public records of Palm Beach County, Florida.

AND

Parcel 5

Together with a non-exclusive easement for vehicular and pedestrian ingress, egress and general access, as set forth and described in Declaration of Easement for Ingress and Egress, executed by Jewish Community Facilities Corporation, f/k/a SPBCJF Title Holding Corporation, recorded in Official Records Book 25368, Page 1789, public records of Palm Beach County, Florida.

## Exhibit "B"

### Permitted Liens

1. All laws, ordinances, regulations, restrictions prohibitions and other requirements imposed by governmental authority, including but not limited to, all applicable building, zoning, land use and environmental ordinances and regulations.
2. Taxes and assessments for the year 2014 and subsequent years, which are not yet due and payable.
3. Oil gas, mineral and canal reservations as set forth in those certain deeds from the Board of Commissioners of the Everglades Drainage District recorded in Deed Book 729, page 241, Deed Book 779, page 544, and Deed Book 779, page 557, as affected by that certain Conveyance of Rights in Reservations to the Lake Worth Drainage District recorded in Official Records Book 1994, page 1573, Quit-Claim Deed recorded in Official Records Book 24757, page 430, Release of Reservations No. 18489 recorded in Official Records Book 24882, page 936, and Non-Use Commitment No. 1605 recorded in Official Records Book 24882, page 941. (as to Parcels 1, 2, and 4)
4. Matters appearing on the plat of RAINBERRY P.U.D., PODS A, B & C, recorded in Plat Book 80, page 24, as affected by that certain Resolution No. R-98-2104 of the Board of County Commissioners of Palm Beach County, Florida, abandoning a portion of 95th Avenue, a water management tract, an ingress/egress tract and certain easements as set forth on said plat, said resolution recorded in Official Records Book 10856, page 1563; and as further affected by that certain Resolution No. R-2008-2347 renouncing and disclaiming any public interest in a portion of 95th Avenue, recorded in Official Records Book 23005, page 1505. (as to Parcels 1, 2, and 4)
5. Easement Deed granted to the Lake Worth Drainage District recorded in Official Records Book 9734, page 750. (as to Parcels 1, 2 and 4)
6. Easement granted to Florida Power & Light Company recorded in Official Records Book 10541, page 516. (as to Parcels 1, 2, and 4)
7. Terms and conditions of that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175. (as to Parcels 1 and 4)
8. Easement granted to Florida Power & Light Company recorded in Official Records Book 11869, page 1. (as to Parcels 1 and 4)
9. Lift Station Easement granted to Palm Beach County by instrument recorded in Official Records Book 12340, page 1634. (as to Parcels 1 and 4)
10. Utility Easement granted to Palm Beach County recorded in Official Records Book 12340, page 1641. (as to Parcels 1, 2, and 4)
11. Easement granted to Florida Power & Light Company recorded in Official Records Book 12395, page 1689. (as to Parcels 1, 2, and 4)

12. Utility Easement granted to Palm Beach County recorded in Official Records Book 13187, page 1218. (as to Parcels 1, 2 and 4)
13. Public Transit Bus Shelter Boarding and Alighting Area Easement recorded in Official Records Book 22690, page 1899. (as to Parcels 1, 2, and 4)
14. Drainage Easement in favor of Palm Beach County recorded in Official Records Book 23181, page 712. (as to Parcels 1, 2, 4 and 5)
15. Notice of Environmental Resource or Surface Water Management Permit by the South Florida Water Management District recorded in Official Records Book 24338, page 1478 and Notice of Environmental Resource or Surface Water Management Permit recorded September 28, 2009 in Official Records Book 23466, Page 1147. (as to Parcels 1, 2, 4 and 5)
16. Terms, conditions and easements set forth in that certain Off-Site Parking Agreement by and between Federation CCRC Property Corp., a Florida not-for-profit corporation, and Jewish Community Facilities Corporation, a Florida not-for-profit corporation, recorded in Official Records Book 24476, page 45 as amended by that certain First Amendment to Off-Site Parking Agreement dated May, 2014 and recorded on or about May 21, 2014 in Official Records of Palm Beach County, Florida. (as to Parcels 1, 2, and 4)
17. Terms and conditions of that certain Reciprocal Easement and Operating Agreement by and between Jewish Community Facilities Corporation, a Florida not-for-profit corporation, and Boca Raton Jewish Community Day School, Inc., a Florida not-for-profit corporation, recorded in Official Records Book 24636, page 1084. (as to Parcels 1, 2, and 4)
18. Potable Water and Wastewater Development Agreement (DA) by and between Palm Beach County, Jewish Community Facilities Corporation, and Federation CCRC Property Corporation recorded in Official Records Book 25189, page 1253. (as to Parcels 1 and 4)
19. Terms, conditions and easements set forth in that certain Easement Deed, in favor of Lake Worth Drainage District, recorded in Official Records Book 23124, Page 608. (as to Parcels 2, 3 and 4)
20. Declaration of Maintenance Covenants, recorded in Official Records Book 23298, Page 1880. (as to Parcels 2, 4 and 5)
21. Terms and conditions as set forth in Access Easement, executed by Lake Worth Drainage District in favor of Boca Raton Jewish Community Day School, Inc., Jewish Community Facilities Corporation and Federation CCRC Property Corp., recorded September 22, 2011 in Official Records Book 24757, Page 432. (as to Parcel 3)
22. Lake Worth Drainage District right of way canal, as set forth and described in instruments, recorded in Official Records Book 6495, Page 761, Official Records Book 6495, Page 1165, Official Records Book 6495, Page 1545, and Official Records Book 6495, Page 1554. (as to Parcel 3)
23. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry Pod "D", recorded in Plat Book 86, Page 7. (as to Parcels 2, 4 and 5)
24. Terms and conditions as set forth in Declaration of Easement for Ingress and Egress, recorded in Official Records Book 25368, Page 1789. (as to Parcels 2, 4 and 5)
25. Terms and conditions as set forth in that certain Reciprocal Easement and Cost Sharing Agreement by and between Federation CCRC Property Corp., a Florida non profit corporation, Boca Raton Jewish Community Day School, Inc., a Florida non profit corporation, Federation-Gulfstream Housing, Inc., a Florida non profit corporation, SPBC Federation Housing, Inc., a Florida non profit corporation and Jewish Community Facilities Corporation, a Florida corporation, f/k/a SPBCJF Title Holding Corporation, a Florida non-profit corporation dated May 8, 2104 and recorded May 12, 2014 in Official Records Book 26785, Page 283. (as to Parcel 4)
26. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry P.U.D., Pods A, B, & C Replat No. 1, recorded in Plat Book 118, Pages 14 through 21, inclusive. (as to all Parcels)
27. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 10991, Page 1581, as amended in Official Records Book 12138, Page 1016. (as to Parcels 4 and 5)
28. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 11066, Page 883. (as to Parcels 4 and 5)
29. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in the instruments recorded in Official Records Book 9619, Page 734 and Official Records Book 9619, Page 738. (as to Parcels 4 and 5)
30. Covenants, Conditions and Easements contained in Agreement recorded in Official Records Book 10082, Page 1351. (as to Parcels 4 and 5)
31. Restrictive Covenant Agreement recorded in Official Records Book 10264, Page 1161. (as to Parcels 4 and 5)
32. Standard Potable Water and Wastewater Development Agreement recorded June 19, 2008 in Official Records Book 22709, Page 674. (as to Parcels 4 and 5)
33. Resolution No. R-2008-2347, regarding abandonment of portions of 95th Avenue, recorded December 23, 2008 in Official Records Book 23005, Page 1505. (as to Parcels 4 and 5)
34. Reservation of small lateral ditches in favor of other tracts set forth in the Deeds from the Palm Beach Farms Company recorded in Deed Book 63, page 194 and Deed Book 95, page 156. (as to Parcel 4)
35. Canal and reclamation reservations contained in the Deed from the Trustees of the Internal Improvement Fund recorded in Deed Book 373, page 477. (as to Parcel 4)

36. Reservation of rights of way contained in the Deed from the Lake Worth Drainage District recorded in Deed Book 583, page 14. (as to Parcel 4)
37. Canal, reclamation, state road and county road right of way reservations contained in the Deed from the Everglades Drainage District recorded in Deed Book 695, page 353. (as to Parcel 4)
38. Terms, covenants, conditions and easements contained in the Agreement between Palmetto 441 Development Corp. and South Palm Beach Utilities Corporation recorded in Official Records Book 3543, page 213. (as to Parcel 4)
39. Terms, covenants, conditions, maintenance and indemnification obligations contained in the Easement Grant recorded in Official Records Book 3808, page 1350. (as to Parcel 4)
40. Terms, covenants, conditions, restrictions and easements created by and set forth in the Declaration of Covenants, Conditions and Restrictions for Rainberry at West recorded in Official Records Book 4367, page 1160, as refiled in Official Records Book 4377, page 1724, and as amended in Official Records Book 4964, page 1397, Official Records Book 5052, page 654, Official Records Book 5727, page 1678, Official Records Book 5886, page 1579, Official Records Book 6107, page 1293 and Official Records Book 6438, page 27, including, but not limited to, provisions for private charges or assessments and liens for liquidated damages; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. (as to Parcel 4)
41. Easement granted to Lake Worth Drainage District recorded in Official Records Book 4399, page 66. (as to Parcel 4)
42. Terms, covenants, conditions and easements contained in the Easement Agreement between South Palm Beach County Jewish Federation, Inc. and Federation-Gulfstream Housing, Inc. recorded in Official Records Book 5823, page 1339, as refiled in Official Records Book 5866, page 1351, as amended by Amendment to Easement Agreement, recorded in Official Records Book 24982, Page 396. (as to Parcel 4)
43. Unrecorded 12' wide Lake Worth Drainage District Easement as referenced in that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175.
44. Easements, claims of easements, boundary line disputes, overlaps, encroachments or other matters not shown by the public records which would be disclosed by an accurate survey of the Land. (as to Easement Parcel 4 and Easement Parcel 5 only)
45. Matters as set forth on that certain survey prepared by Wantman Group, Inc., dated February 28, 2008, revised March 6, 2014 and last revised April 14, 2014 as Job No. 1051050J.13, as follows:
  - a) Encroachment of wire fence along portion of East boundary line;
  - b) CATV, light pole(s), sanitary sewer manhole(s), gate valve, water valve, catch basin, backflow preventer, electric panel, check valve, ball valve throughout caption property
  - c) Encroachment of wood fence along portion of East boundary line;
  - d) Encroachment of wood deck from adjacent property onto caption property (along a portion of the South boundary line of Tract L-2, Parcel 4)
  - e) Encroachment of concrete pavement from caption property onto adjacent property (along a portion of North boundary line of Tract L-1, Parcel 4)
  - f) Encroachment of 6' chain link fence in Northwesterly corner of caption property;
  - g) Concrete sidewalks and curbing lie within 10' utility easement (PB 80/24 and PB 118, Pages 14 through 21, inclusive; 10' FPL Easement (ORB 10541Pg 516); 10' FPL Easement (ORB 12395, Pg 1689) and into 5' limited access easement (PB 118, Pages 14 through 21, inclusive
  - h) FP&L pad lies outside of easement area along West Boundary line of that portion of caption premises lying South of Tract L-1 Water Management Tract;
  - i) Encroachment of sidewalk into 10' FP&L Easement (ORB 11869, PG 1);
  - j) Sidewalks, curbs, gutters, pavement and signage lie within Palm Beach County Utility Easement (ORB 12340, PG 1641); and
  - k) Gate Arms, curbing, sidewalks and light poles lie within 20' Palm Beach County Drainage Easement (ORB 23181, PG 712);
46. Mortgage, in favor of the United States of America, acting by and through the Secretary of Housing and Urban Development, dated September 11, 1997 and recorded in Official Records Book 9984, Page 76, together with Capital Advance Program Regulatory Agreement, recorded in Official Records Book 9984, Page 86, and Capital Advance Program Use Agreement, recorded in Official Records book 9984, Page 93. (as to Parcel 4, Weinberg Parcel).
47. Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, in favor of Wachovia Bank, N.A., dated September 1, 1999 and recorded in Official Records Book 11362, Page 234, as amended by First Amendment to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, recorded in Official Records Book 23583, Page 643, and Second Amendment to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, recorded in Official Records Book 24342, Page 180, together with UCC Financing Statement in favor of Wachovia Bank, recorded in Official Records Book 11362, Page 255, (as to Parcel 4, Hillel Parcel)
49. Second Mortgage and Assignment of Rents and Leases, in favor of Wells Fargo Bank, National Association, dated August 31, 2011, in Official Records Book 24755, Page 1508, together with UCC Financing Statement, recorded in Official Records Book 24755, Page 1525. (as to Parcel 4, Hillel Parcel).
50. Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (Florida), in favor of CitiBank, N.A., dated January 1, 2012 in Official Records Book 24982, Page 411, together with Use

Agreement, recorded in Official Records Book 24982, Page 471, UCC Financing Statement, in favor of CitiBank, N.A., recorded in Official Records Book 25001, Page 1962, UCC Financing Statement in favor of Secretary of Housing and Urban Development of Washington D.C., recorded in Official Records Book 25037, Page 981. (as to Parcel 4, Gould Parcel).

51. Temporary Construction Easement Agreement by and between Jewish Community Facilities Corporation, a Florida non-profit corporation and Federation CCRC Operations Corp., a Florida non-profit corporation f/k/a Federation CCRC Property Corp., a Florida non-profit corporation dated May, 2014 and recorded on or about May 21, 2014 in Official Records of Palm Beach County, Florida. (as to Easement Parcel 4)

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This Instrument Prepared by  
and Return to:

Jeffrey Drew Butt, Esquire  
Squire Patton Boggs (US) LLP  
201 N. Franklin Street  
Suite 2100  
Tampa, Florida 33602

**SECOND NOTICE OF SECURED ADDITIONAL OBLIGATIONS AND SPREADER  
AGREEMENT**

**THIS SECOND NOTICE OF SECURED ADDITIONAL OBLIGATIONS AND SPREADER AGREEMENT** (this “**Agreement**”), is made effective as of the 13th day of August, 2020, by and between **FEDERATION CCRC OPERATIONS CORP., a Florida not-for-profit corporation**, whose address is 9901 Donna Klein Boulevard, Boca Raton, Florida 33428 (the “**Mortgagor**”), for the benefit of **U.S. BANK NATIONAL ASSOCIATION, in its capacity as Master Trustee**, whose address is 500 West Cypress Creek Road, Suite 460, Fort Lauderdale, Florida 33309 (together with its successors and assigns, the “**Mortgagee**”).

**R E C I T A L S:**

**WHEREAS**, Mortgagee is the master trustee under the terms of that certain Master Trust Indenture between Mortgagor and the Master Trustee, dated as of May 1, 2014 (as supplemented and amended to the date hereof, the “**Master Indenture**”);

**WHEREAS**, in order to secure its obligations under the Master Indenture, Mortgagor granted to Mortgagee that certain Mortgage and Security Agreement dated as of May 21, 2014, recorded in Official Records Book 26801, Page 0116 of the Public Records of Palm Beach County, Florida (the “**Original Mortgage**”);

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**NOTE: THE MORTGAGE WAS GIVEN IN CONNECTION WITH THE 2014 OBLIGATIONS ISSUED BY THE PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY ( THE “AUTHORITY”) EXERCISING POWERS OF AN "AUTHORITY" UNDER CHAPTER 154, FLORIDA STATUTES AND AS A "LOCAL AGENCY" UNDER CHAPTER 159, PART II, FLORIDA STATUTES, AND THUS WAS EXEMPT FROM TAXATION PURSUANT TO SECTIONS 154.2331 AND 159.31, FLORIDA STATUTES. THIS SECOND NOTICE OF SECURED ADDITIONAL OBLIGATIONS AND SPREADER AGREEMENT IS GIVEN IN CONNECTION WITH THE 2020 OBLIGATIONS ISSUED BY THE AUTHORITY EXERCISING POWERS OF AN "AUTHORITY" UNDER CHAPTER 154, FLORIDA STATUTES AND AS A "LOCAL AGENCY" UNDER CHAPTER 159, PART II, FLORIDA STATUTES, AND THUS IS ALSO EXEMPT FROM TAXATION PURSUANT TO SECTIONS 154.2331 AND 159.31, FLORIDA STATUTES. THUS NO DOCUMENTARY STAMP TAXES OR NON-RECURRING INTANGIBLE TAXES ARE DUE UPON THE RECORDING OF THIS SECOND NOTICE OF SECURED ADDITIONAL OBLIGATIONS.**

**WHEREAS**, in connection with the issuance of Obligation No. 5 (as defined in the Master Indenture), Mortgagor and Mortgagee executed a Notice of Secured Additional Obligations, dated as of March 15, 2019, recorded in Official Records Book 30478, Page 1734 of the Public Records of Palm Beach County, Florida (the “**Notice**”), which Notice amended and supplemented the Original Mortgage (the Original Mortgage and the Notice are sometimes collectively referred to as the “**Mortgage**”);

**WHEREAS**, Mortgage secures (i) the existing indebtedness evidenced by the Series 2014 Obligations (as defined in the Mortgage) and (ii) any Additional Obligations (as defined in the Mortgage) issued in compliance with and under the terms of the Master Indenture, as specified by Mortgagor, made within twenty (20) years from the date of the Mortgage to the same extent as if such Additional Obligations were made on the date of the Mortgage;

**WHEREAS**, as of the date hereof, the Series 2014 B Bonds, the Series 2014 C Bonds and the Series 2014 D-2 Bonds (all of which constituted a portion of the Series 2014 Obligations) are no longer outstanding and thus no longer constitute Obligations;

**WHEREAS**, the Master Indenture is being supplemented by a Supplemental Master Trust Indenture Number 3 (the “**Supplemental Indenture**”), between the Mortgagor and the Mortgagee, pursuant to which Series 2020 Obligations (“**Series 2020 Obligations**”) are being issued, will be evidenced by separate instruments, and are specifically designated by the Mortgagor to be secured by the Mortgage; and

**WHEREAS**, the Series 2020 Obligations constitutes Additional Obligations; and

**WHEREAS**, as a condition of issuing the Series 2020 Obligations, the Issuer (as defined in the Supplemental Indenture) is requiring Mortgagor to further amend the Mortgage to: (i) spread the lien of the Mortgage to cover not only the Mortgaged Property, as described in the Mortgage, but also the property described in Exhibit 1 hereto (the “**Additional Property**”), without priority of one over the other, so that together the Mortgage shall constitute in law one mortgage and a single lien upon the Mortgage Property, as described in the Mortgage, and the Additional Property; and

**NOW, THEREFORE**, in consideration of Ten Dollars (\$10.00) and the issuance of the Series 2020 Obligations, and in consideration of the premises and of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged among the parties, it is agreed as follows:

1. **Recitals.** The above recitals are true and correct and are incorporated herein.
2. **Notice of Secured Additional Obligations.** Notice is hereby given that the Series 2020 Obligations constitute Additional Obligations under the terms of the Mortgage and are secured by the Mortgage to the same extent and with the same priority as if the Series 2020 Obligations were made and incurred on the date of the Mortgage.
3. **Amount of Outstanding Obligations.** Mortgagor represents and warrants that the total principal amount of the Obligations currently outstanding and secured by the Mortgage plus the Series 2020 Obligations does not exceed an amount equal to two times the original amount of the Series 2014 Obligations on May 21, 2014, plus interest and any

disbursements made for the payment of taxes, levies or insurance on the Mortgaged Property (as defined in the Mortgage), with interest thereon.

4. **Spreading Lien of Mortgage to Additional Property.**

(a) The definition of Land in the Mortgage is hereby amended to include the Mortgagor’s fee interest in the Additional Property, as described on Exhibit A attached hereto and incorporated herein by reference.

(b) The term “**Mortgaged Property**” as defined in the Mortgage is hereby amended and shall hereinafter be deemed to include, in addition to the real property, tangible and intangible personal property described in the Mortgage, the real property, tangible and intangible personal property relating to the Additional Property; and the lien of the Mortgage is hereby spread to cover the real property, tangible and intangible personal property relating to the Additional Property without priority so as to constitute a single lien encumbering the Mortgaged Property, as defined in the Mortgage, and the real property, tangible and intangible personal property relating to the Additional Property, as described herein, collectively.

(c) Mortgagor hereby agrees that all terms, representations, warranties, covenants and agreements contained in the Mortgage shall hereinafter be deemed to apply to the property described in the Mortgage and the real property, tangible and intangible personal property relating to the Additional Property (to the extent that such representations, warranties and covenants apply to Mortgagor’s fee interest in the real property, tangible and intangible personal property relating to the Additional Property), collectively.

(d) Mortgagor ratifies and confirms the lien and security interest of the Mortgage upon and in any and all property, real, personal or mixed, tangible or intangible, now or hereafter encumbered by the Mortgage and Mortgagor grants to Mortgagee the benefit of a lien upon and security interest in all such property as security for the repayment of the Obligations.

5. **Exhibit B.** Exhibit B attached to the Mortgage is hereby deleted and the items set forth on Exhibit B-1 attached hereto and incorporated herein by reference are hereby substituted in its place and stead.
6. **Warranties and Representations.** Mortgagor hereby affirms, warrants and represents that all of the warranties and representations made in the Mortgage are true and correct as of the date hereof.
7. **Novation.** It is the intent of the Mortgagor (and of the Mortgagee by acceptance of this Agreement) that this Agreement shall not constitute a novation and shall in no way adversely affect the lien priority of the Mortgage or any document or instrument executed in connection with the Mortgage or the indebtedness referenced therein (the “**Other Documents**”). In the event that this Agreement, or any part hereof, shall be construed by a court of competent jurisdiction as operating to affect the lien priority of the Mortgage or the Other Documents, or any of them, over the claims which would otherwise be subordinate thereto, then to the extent so ruled by such court, and to the extent that third persons acquiring an interest in such property as is encumbered by the Mortgage and Other



Documents between the time of execution of the Mortgage, the Other Documents, and the execution hereof, are prejudiced thereby, this Agreement, or such portion hereof as shall be so construed, shall be void and of no force and effect and this Agreement shall constitute, as to that portion, a subordinate lien on the collateral described therein, incorporating by reference the terms of the Mortgage and Other Documents, and which Mortgage and the Other Documents then shall be enforced pursuant to the terms therein contained, independent of this Agreement; provided, however, that notwithstanding the foregoing, the parties hereto, as between themselves, shall be bound by all terms and conditions hereof until all indebtedness intended to be secured by the Mortgage has been paid in full.

8. **Acknowledgements.** Mortgagor acknowledges that that no notice limiting the maximum principal amount of the indebtedness secured by the Mortgage pursuant to the terms of Section 697.04(b), *Florida Statutes*, as amended from time to time, has been filed in the public records of the county in which the Mortgage is recorded, nor has any such notice been executed or delivered. In the event any such notice limiting the principal amount which may be secured by the Mortgage has been recorded, executed or delivered, then this Agreement shall also constitute a rescission of such notice, which notice shall, upon the execution and delivery of this Agreement, be deemed to be void and of no further force or effect.
9. **Miscellaneous.**
- (a) Paragraph headings used herein are for convenience only and shall not be construed as controlling the scope of any provision hereof.
- (b) This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and of the United States of America and the rules and regulations promulgated under the authority thereof.
- (c) Time is of the essence of this Agreement.
- (d) As used herein, the neuter gender shall include the masculine and feminine genders, and vice versa, and the singular the plural, and vice versa, as the context demands.
- (e) This Agreement shall inure to the benefit of and be binding upon the parties hereto as well as their successors and assigns, heirs and personal representatives.

*remainder of page intentionally left blank*

The parties hereto have duly executed this Agreement under seal as of August 13, 2020.

**MORTGAGOR:**

**FEDERATION CCRC OPERATIONS CORP.,**  
a Florida not-for-profit corporation

By: \_\_\_\_\_  
Name: Wes Finch a/k/a Wesley Finch  
Title: Treasurer  
[Corporate Seal]

**STATE OF FLORIDA**  
**COUNTY OF PALM BEACH**

The foregoing instrument was acknowledged before me by means of physical presence on August \_\_\_\_, 2020, by Wes Finch a/k/a Wesley Finch, as the Treasurer of **FEDERATION CCRC OPERATIONS CORP.**, a Florida not-for-profit corporation, on behalf of the Mortgagor and ☐ is personally known to me or ☐ has produced a driver's license as identification (check one).

\_\_\_\_\_  
Notary Public  
My Commission Expires:  
[SEAL]

EXHIBIT A  
Legal Description of Additional Property

LEGAL DESCRIPTION OF PARCEL 1-A

A portion of Tract B-1, RAINBERRY P.U.D., PODS A, B & C REPLAT NO. 1, according to the Plat thereof, as recorded in Plat Book 118, at Page 14 through 21 inclusive, of the Public Records of Palm Beach County, Florida, and being more particularly described as follows:

COMMENCING from the Southwest corner of said Tract B-1, thence with the South line of said Tract B-1 North 89°59'40" East, 300.00 feet to the POINT OF BEGINNING, thence leaving said South line and through said Parcel B-1 the following nine courses, North 00°00'57" West, 435.00 feet, thence South 89°59'40" West, 32.52 feet, thence North 00°00'57" West, 93.53 feet, thence North 44°56'18" East, 56.38 feet, thence North 00°00'57" West, 96.87 feet, thence North 89°59'40" East 277.84 feet, thence South 00°00'20" East 230.31 feet, thence North 89°59'40" East 30.34 feet, thence South 00°00'20" East, 347.79 feet to the South line of said Tract B-1, thence with said South line the following four courses, South 40°33'41" West, 62.28 feet, thence South 56°54'23" West, 44.88 feet, thence South 82°46'55" West, 122.65 feet, thence South 89°59'40" West, 115.61 feet to the POINT OF BEGINNING.

EXHIBIT B-1

Permitted Items

The following now constitute Exhibit B:

1. All laws, ordinances, regulations, restrictions, prohibitions and other requirements imposed by governmental authority, including but not limited to, all applicable building, zoning, land use and environmental ordinances and regulations.
2. Taxes and assessments for the year 2020 and subsequent years, which are not yet due and payable.
3. Oil gas, mineral and canal reservations as set forth in those certain deeds from the Board of Commissioners of the Everglades Drainage District recorded in Deed Book 729, page 241, Deed Book 779, page 544, and Deed Book 779, page 557, as affected by that certain Conveyance of Rights in Reservations to the Lake Worth Drainage District recorded in Official Records Book 1994, page 1573, Quit-Claim Deed recorded in Official Records Book 24757, page 430, Release of Reservations No. 18489 recorded in Official Records Book 24882, page 936, and Non-Use Commitment No. 1605 recorded in Official Records Book 24882, page 941. (as to Parcels 1, 1A, 2, and 4)
4. Matters appearing on the plat of RAINBERRY P.U.D., PODS A, B & C, recorded in Plat Book 80, page 24, as affected by that certain Resolution No. R-98-2104 of the Board of County Commissioners of Palm Beach County, Florida, abandoning a portion of 95th Avenue, a water management tract, an ingress/egress tract and certain easements as set forth on said plat, said resolution recorded in Official Records Book 10856, page 1563; and as further affected by that certain Resolution No. R-2008-2347 renouncing and disclaiming any public interest in a portion of 95th Avenue, recorded in Official Records Book 23005, page 1505. (as to Parcels 1, 1A, 2, and 4)
5. Easement Deed granted to the Lake Worth Drainage District recorded in Official Records Book 9734, page 750. (as to Parcels 1, 2 and 4)
6. Easement granted to Florida Power & Light Company recorded in Official Records Book 10541, page 516. (as to Parcels 1, 2, and 4)
7. Terms and conditions of that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175. (as to Parcels 1 and 4)
8. Easement granted to Florida Power & Light Company recorded in Official Records Book 11869, page 1. (as to Parcels 1, 1A and 4)
9. Lift Station Easement granted to Palm Beach County by instrument recorded in Official Records Book 12340, page 1634. (as to Parcels 1 and 4)

10. Utility Easement granted to Palm Beach County recorded in Official Records Book 12340, page 1641. (as to Parcels 1, 2, and 4)
11. Easement granted to Florida Power & Light Company recorded in Official Records Book 12395, page 1689. (as to Parcels 1, 2, and 4)
12. Utility Easement granted to Palm Beach County recorded in Official Records Book 13187, page 1218. (as to Parcels 1, 2 and 4)
13. Public Transit Bus Shelter Boarding and Alighting Area Easement recorded in Official Records Book 22690, page 1899. (as to Parcels 1, 2, and 4)
14. Drainage Easement in favor of Palm Beach County recorded in Official Records Book 23181, page 712. (as to Parcels 1, 2, 4 and 5)
15. Terms, conditions and easements set forth in that certain Off-Site Parking Agreement by and between Federation CCRC Property Corp., a Florida not-for-profit corporation, and Jewish Community Facilities Corporation, a Florida not-for-profit corporation, recorded in Official Records Book 24476, page 45 as amended by that certain First Amendment to Off-Site Parking Agreement dated as May 19, 2014 and recorded May 20, 2014 in Official Records Book 26801, Page 103. (as to Parcels 1, 1A, 2 and 4)
16. Terms and conditions of that certain Reciprocal Easement and Operating Agreement by and between Jewish Community Facilities Corporation, a Florida not-for-profit corporation, and Boca Raton Jewish Community Day School, Inc., a Florida not-for-profit corporation, recorded in Official Records Book 24636, page 1084. (as to Parcels 1, 1A, 2, and 4)
17. Potable Water and Wastewater Development Agreement (DA) by and between Palm Beach County, Jewish Community Facilities Corporation, and Federation CCRC Property Corporation recorded in Official Records Book 25189, page 1253. (as to Parcels 1, 1A and 4)
18. Terms, conditions and easements set forth in that certain Easement Deed, in favor of Lake Worth Drainage District, recorded in Official Records Book 23124, Page 608. (as to Parcels 2, 3 and 4)
19. Declaration of Maintenance Covenants, recorded in Official Records Book 23298, Page 1880. (as to Parcels 2, 4 and 5)
20. Terms and conditions as set forth in Access Easement, executed by Lake Worth Drainage District in favor of Boca Raton Jewish Community Day School, Inc., Jewish Community Facilities Corporation and Federation CCRC Property Corp., recorded September 22, 2011 in Official Records Book 24757, Page 432. (as to Parcel 3)
21. Lake Worth Drainage District right of way canal, as set forth and described in instruments, recorded in Official Records Book 6495, Page 761, Official Records Book 6495, Page 1165, Official Records Book 6495, Page 1545, and Official Records Book 6495, Page 1554. (as to Parcel 3)

22. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry Pod "D", recorded in Plat Book 86, Page 7. (as to Parcels 2, 4 and 5)
23. Terms and conditions as set forth in Declaration of Easement for Ingress and Egress, recorded in Official Records Book 25368, Page 1789. (as to Parcels 2, 4 and 5)
24. Terms and conditions as set forth in that certain Reciprocal Easement and Cost Sharing Agreement by and between Federation CCRC Property Corp., a Florida non profit corporation, Boca Raton Jewish Community Day School, Inc., a Florida non profit corporation, Federation-Gulfstream Housing, Inc., a Florida non profit corporation, SPBC Federation Housing, Inc., a Florida non profit corporation and Jewish Community Facilities Corporation, a Florida corporation, f/k/a SPBCJF Title Holding Corporation, a Florida non-profit corporation dated May 8, 2014 and recorded May 12, 2014 in Official Records Book 26785, Page 283, as affected by that certain Amendment to Agreement, a Memorandum of which was recorded in Official Records Book 31480, Page 972; Joinder to Reciprocal Easement Agreement and Cost Sharing Agreement recorded in Official Records Book 26785, Page 283 (Agreement) recorded in Official Records Book 31537, Page 1308. (as to Parcels 1, 1A and 4)
25. Restrictions, covenants, conditions, easements and other matters as contained on the Plat of Rainberry P.U.D., Pods A, B, & C Replat No. 1, recorded in Plat Book 118, Pages 14 through 21, inclusive. (as to all Parcels)
26. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 10991, Page 1581, as amended in Official Records Book 12138, Page 1016. (as to Parcels 4 and 5)
27. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in an instrument recorded in Official Records Book 11066, Page 883. (as to Parcels 4 and 5)
28. Covenants, conditions, restrictions and/or easements (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin), contained in the instruments recorded in Official Records Book 9619, Page 734 and Official Records Book 9619, Page 738. (as to Parcels 4 and 5)
29. Covenants, Conditions and Easements contained in Agreement recorded in Official Records Book 10082, Page 1351. (as to Parcels 4 and 5)
30. Restrictive Covenant Agreement recorded in Official Records Book 10264, Page 1161. (as to Parcels 4 and 5)
31. Standard Potable Water and Wastewater Development Agreement recorded June 19, 2008 in Official Records Book 22709, Page 674. (as to Parcels 4 and 5)

32. Resolution No. R-2008-2347, regarding abandonment of portions of 95th Avenue, recorded December 23, 2008 in Official Records Book 23005, Page 1505. (as to Parcels 4 and 5)

33. Reservation of small lateral ditches in favor of other tracts set forth in the Deeds from the Palm Beach Farms Company recorded in Deed Book 63, page 194 and Deed Book 95, page 156. (as to Parcel 4)

34. Canal and reclamation reservations contained in the Deed from the Trustees of the Internal Improvement Fund recorded in Deed Book 373, page 477. (as to Parcel 4)

35. Reservation of rights of way contained in the Deed from the Lake Worth Drainage District recorded in Deed Book 583, page 14. (as to Parcel 4)

36. Canal, reclamation, state road and county road right of way reservations contained in the Deed from the Everglades Drainage District recorded in Deed Book 695, page 353. (as to Parcel 4)

37. Terms, covenants, conditions and easements contained in the Agreement between Palmetto 441 Development Corp. and South Palm Beach Utilities Corporation recorded in Official Records Book 3543, page 213. (as to Parcel 4)

38. Terms, covenants, conditions, maintenance and indemnification obligations contained in the Easement Grant recorded in Official Records Book 3808, page 1350. (as to Parcel 4)

39. Terms, covenants, conditions, restrictions and easements created by and set forth in the Declaration of Covenants, Conditions and Restrictions for Rainberry at West recorded in Official Records Book 4367, page 1160, as refiled in Official Records Book 4377, page 1724, and as amended in Official Records Book 4964, page 1397, Official Records Book 5052, page 654, Official Records Book 5727, page 1678, Official Records Book 5886, page 1579, Official Records Book 6107, page 1293 and Official Records Book 6438, page 27, including, but not limited to, provisions for private charges or assessments and liens for liquidated damages; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. (as to Parcel 4)

40. Easement granted to Lake Worth Drainage District recorded in Official Records Book 4399, page 66. (as to Parcel 4)

41. Terms, covenants, conditions and easements contained in the Easement Agreement between South Palm Beach County Jewish Federation, Inc. and Federation-Gulfstream Housing, Inc. recorded in Official Records Book 5823, page 1339, as refiled in Official Records Book 5866, page 1351, as amended by Amendment to Easement Agreement, recorded in Official Records Book 24982, Page 396. (as to Parcel 4)

42. Unrecorded 12' wide Lake Worth Drainage District Easement as referenced in that certain Temporary Fencing Permit issued by the Lake Worth Drainage District and recorded in Official Records Book 11263, page 1175

43. Easements, claims of easements, boundary line disputes, overlaps, encroachments or other matters not shown by the public records which would be disclosed by an accurate survey of the Land. (as to Easement Parcel 4 and Easement Parcel 5 only)

44. Mortgage, in favor of the United States of America, acting by and through the Secretary of Housing and Urban Development, dated September 11, 1997 and recorded in Official Records Book 9984, Page 76, together with Capital Advance Program Regulatory Agreement, recorded in Official Records Book 9984, Page 86, and Capital Advance Program Use Agreement, recorded in Official Records book 9984, Page 93. (as to Parcel 4, Weinberg Parcel)

45. [Intentionally Deleted]

46. Easement in favor of Florida Power & Light Company, recorded in Official Records Book 27115, Page 861. (as to Parcel 1)

47. Easement in favor of Florida Power & Light Company, recorded in Official Records Book 27115, Page 869. (as to Parcel 1)

48. Easement in favor of Florida Power & Light Company, recorded in Official Records Book 27348, Page 70. (as to Parcel 1)

49. Declaration of Easement for General Utility Purposes, recorded in Official Records Book 27534, Page 1935, as affected by the Partial Abandonment of Easement recorded in Official Records Book 31443, Page 1498. (as to Parcels 1 and 1A)

50. Standard Potable Water & Wastewater Development Renewal Agreement, recorded in Official Records Book 27676, Page 1681. (as to all Parcels)

51. Easement in favor of Florida Power & Light Company, recorded in Official Records Book 27932, Page 1116. (as to Parcel 1)

52. Utility Easement in favor of Palm Beach County, recorded in Official Records Book 28047, Page 762. (as to Parcel 1 and 1A)

53. Grant of Telecommunications Easement in favor of Hotwire Communications, Ltd., recorded in Official Records Book 28983, Page 1189, as affected by assigned by Assignment of Agreements, Proceeds and Access Rights and Easement Mortgage, recorded in Official Records Book 29055, Page 1265. (as to Parcel 1)

54. Standard Potable Water & Wastewater Development Renewal Agreement, recorded in Official Records Book 29181, Page 1510. (as to all Parcels)

55. Standard Potable Water and Wastewater Development Agreement (SDA) recorded in Official Records Book 31460, Page 1941. (as to Parcel 1A)

56. Assignment of Leases, Rents and Residency Agreements from Federation CCRC Operations Corp., a Florida not-for-profit corporation to U.S. Bank National Association, in its capacity as Master Trustee under the Master Trust Indenture, dated May 1, 2014, recorded May 20, 2014, in Official Records Book 26801, Page 140.

57. UCC-1 Financing Statement from Federation CCRC Operations Corp., a Florida not-for-profit corporation, to U.S. Bank National Association, in its capacity as Master Trustee under the Master Trust Indenture dated as of, dated May 1, 2014, recorded May 20, 2014 in Official Records Book 26801, Page 151, as affected by the UCC Financing Amendment recorded March 20, 2019 in Official Records Book 30485, Page 599.

58. Rights of tenants occupying all or part of the insured land under unrecorded Residence and Care Agreements, with no rights to purchase or rights of first refusal on all or any part of the land.

59. Matters as set forth on that certain survey prepared by Wantman Group, Inc., dated November 22, 2017, last revised August 6, 2020 as Job No.2675.07, as follows:

A. Encroachment of wire fence along portion of East boundary line;

B. CATV, light pole(s), sanitary sewer manhole(s), gate valve, water valve, catch basin, backflow preventer, electric panel, check valve, ball valve throughout caption property;

C. Encroachment of 6' chain link fence in Northwestern corner of caption property;

D. Concrete slab, asphalt, concrete sidewalks and curbing lie within 10' utility easement (PB 80, PG 24 and PB 118, Pages 14 through 21, inclusive; 10' FPL Easement (ORB 10541 PG 516 ); 10' FPL Easement (ORB 12395, PG 1689 ) and into 5' limited access easement (PB 118, Pages 14 through 21, inclusive), 15' Buffer Easement (ORB 12340, PG 1641 ) and FPL Easement (ORB 12395, PG 1689);

E. Encroachment of sidewalk, asphalt pavement and brick pavers into 10' FP&L Easement (ORB 11869, PG 1 );

F. Sidewalks, curbs, gutters, pavement and signage lie within Palm Beach County Utility Easement (ORB 12340, PG 1641);

G. Gate Arms, curbing, sidewalks, asphalt and light poles lie within 20' Palm Beach County Drainage Easement (ORB 23181, PG 712 );

H. Encroachment of 6' chain link fence into 4' Exclusive Easement to Lake Worth Drainage District (ORB 9734, PG 750 );

I. Encroachment of asphalt paving into Utility Easement (ORB 13187, PG 1218 );

J. Encroachment of asphalt, curbing, brick pavers and concrete walk into FPL Easements (ORB 27115, PG 861 and ORB 27115, PG 869 ) and into Easement for General Utility Purposes (ORB 27534, PG 1935 );

K. Encroachment of asphalt curbing and brick pavers into FP&L Easement (ORB 27348, PG 70);

L. Encroachment of curbing, concrete walk and asphalt into FP&L Easement (ORB 27932, PG 1116 );

M. Encroachment of concrete walks, asphalt, curbing and brick pavers into adjacent property;

N. Encroachment of asphalt, brick pavers, concrete walk and curbing into Palm Beach County Utility Easement (ORB 28047, PG 762); and

O. Encroachment of chain link fence along South boundary line of Parcel 1A.

60. Declaration of Restriction Covenants recorded in Official Records Book 31537, Page 1265; Joinder to Declaration of Restrictive Covenants recorded in Official Records Book 31537, page 1305. (affects Parcels 1, 1A, 2, 3, 4 and 5)

61. Notice of commencement recorded on January 7, 2020 in Official Records Book 31138, Page 1974.

62. Notice of commencement recorded on February 12, 2020 in Official Records Book 31222, Page 727.

63. Notice of commencement recorded on February 12, 2020 in Official Records Book 31222, Page 728.

64. Notice of commencement recorded on March 2, 2020 in Official Records Book 31258, Page 1915.

NOTE: All recording references in this form shall refer to the public records of Palm Beach County, Florida, unless otherwise noted.

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**APPENDIX E**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

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**PROPOSED FORM OF BOND COUNSEL OPINION**

Upon delivery of the Series 2020 Bonds, Squire Patton Boggs (US) LLP, Bond Counsel, proposes to render its final opinion with respect to the Series 2020 Bonds in substantially the following form:

To: Palm Beach County Health Facilities Authority  
North Palm Beach, Florida

Federation CCRC Operations Corp.  
Boca Raton, Florida

We have served as bond counsel in connection with the issuance by the Palm Beach County Health Facilities Authority (the “Authority”) of its \$\_\_\_\_\_ aggregate principal amount of Revenue Bonds (Toby and Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A, \$\_\_\_\_\_ aggregate principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby and Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-1, and \$\_\_\_\_\_ aggregate principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby and Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-2 (collectively, the “Series 2020A/B Bonds”), and its \$\_\_\_\_\_ aggregate principal amount of Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby and Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020C (Taxable) (the “Series 2020C Bonds” and, collectively with the Series 2020A/B Bonds, the “Bonds”) dated the date of this letter.

The Bonds are issued pursuant to Part III, Chapter 154, Florida Statutes, Part II, Chapter 159, Florida Statutes and other applicable provisions of law, and the Indenture of Trust, dated as of September 1, 2020 (the “Bond Indenture”), between the Authority and U.S. Bank National Association, as bond trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Bond Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity of each series, the Bond Indenture, the Loan Agreement, dated as of September 1, 2020 (the “Loan Agreement”), between the Authority and Federation CCRC Operations Corp. (the “Corporation”), and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds, the Bond Indenture and the Loan Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
2. The Bonds constitute special limited obligations of the Authority, and the principal of and interest on (collectively, “debt service”) the Bonds are payable solely from the revenues and other moneys pledged and assigned by the Authority under the Bond Indenture. Those revenues and other money include the payments required to be made by the Corporation under the Loan Agreement. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority, the State of Florida or any of its political subdivisions.

3. Interest on the Series 2020A/B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except for estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. We express no opinion as to any other tax consequences regarding the Bonds.
4. Interest on the Series 2020C Bonds is not excluded from gross income for federal income tax purposes under the Code.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Authority and the Corporation.

In rendering those opinions with respect to the treatment of the interest on the Series 2020A/B Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Authority and the Corporation. Failure to comply with certain of those covenants subsequent to issuance of the Series 2020A/B Bonds may cause interest on the Series 2020A/B Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

In addition, in rendering those opinions with respect to the treatment of the interest on the Series 2020A/B Bonds under the federal tax laws, we have not given any opinion or assurance concerning the effect of any future activities of the Authority or the Corporation. Failure of the Corporation to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series 2020A/B Bonds in a manner that is substantially related to the Corporation’s exempt purpose under Section 513(a) of the Code, may cause interest on the Series 2020A/B Bonds to be included in gross income retroactively to the date of the issuance of the Series 2020A/B Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Bond Indenture and the Loan Agreement are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Bonds, the Bond Indenture or the Loan Agreement.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

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RELATING TO:

PALM BEACH COUNTY HEALTH FACILITIES AUTHORITY  
REVENUE BONDS  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020

CONSISTING OF:

\$\_\_\_\_\_ REVENUE BONDS  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020A

\$\_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020B-1

\$\_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020B-2

\$\_\_\_\_\_ ENTRANCE FEE PRINCIPAL REDEMPTION BONDS<sup>SM</sup>  
(TOBY & LEON COOPERMAN SINAI RESIDENCES OF BOCA RATON EXPANSION)  
SERIES 2020C (TAXABLE)

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Dated as of: September 1, 2020

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**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Certificate”) is made and entered into as of the 1<sup>st</sup> day of September 2020, by **FEDERATION CCRC OPERATIONS, CORP.**, a Florida nonprofit corporation, as the initial Obligated Group Member and as the Obligated Group Representative under the Master Indenture described below (the “Corporation”).

### RECITALS

**WHEREAS**, Palm Beach County Health Facilities Authority (the “Authority”) will issue its Revenue Bonds (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020A (the “Series 2020A Bonds”) in the original aggregate principal amount of \$\_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-1 (the “Series 2020B-1 Bonds”) in the original aggregate principal amount of \$\_\_\_\_\_, its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020B-2 (the “Series 2020B-2 Bonds”), and its Entrance Fee Principal Redemption Bonds<sup>SM</sup> (Toby & Leon Cooperman Sinai Residences of Boca Raton Expansion), Series 2020C (Taxable) (the “Series 2020C Bonds” and together with the Series 2020A Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, the “Series 2020 Bonds”) in the original aggregate principal amount of \$\_\_\_\_\_ pursuant to an Indenture of Trust dated as of September 1, 2020 (the “Bond Indenture”) between the Authority and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), and will loan the proceeds thereof to the Corporation pursuant to a Loan Agreement dated as of September 1, 2020 (the “Loan Agreement”).

**WHEREAS**, the proceeds of the sale of the Series 2020 Bonds will be loaned to the Corporation and used, together with other available money to (i) pay or reimburse the Corporation for the payment of the costs of acquiring, constructing and equipping of the expansion to the Toby & Leon Cooperman Sinai Residences of Boca Raton continuing care retirement community (the “Phase II Expansion”); (ii) fund a debt service reserve fund; (iii) fund capitalized interest on the Series 2020 Bonds; and (iv) pay a portion of the applicable costs of issuance of the Series 2020 Bonds.

**WHEREAS**, concurrently with the sale and delivery by the Authority of the Series 2020 Bonds, the Corporation will issue, execute and deliver four Obligations to the Authority, dated the date of delivery of the Series 2020 Bonds, one each in the original principal amount of the Series 2020A Bonds, the Series 2020B-1 Bonds, the Series 2020B-2 Bonds and the Series 2020C Bonds, respectively (collectively, the “Series 2020 Obligations”), pursuant to a Master Trust Indenture dated as of May 1, 2014 (the “Master Trust Indenture”), between the Corporation and U.S. Bank National Association, as Master Trustee (the “Master Trustee”), as supplemented by Supplemental Indenture Number 1 dated as of May 1, 2014, Supplemental Indenture Number 2 dated as of March 1, 2019 and Supplemental Indenture Number 3 dated as of September 1, 2020 (together, the “Supplemental Indentures” and together with the Master Trust Indenture, the “Master Indenture”) between the Corporation and U.S. Bank National Association, as Master Trustee (the “Master Trustee”); and

**WHEREAS**, the Series 2020 Bonds have been offered and sold pursuant to a Preliminary Official Statement dated \_\_\_\_\_, 2020, and a final Official Statement dated \_\_\_\_\_, 2020 (collectively, the “Official Statement”); and the Authority has entered into a Bond Purchase Agreement, dated \_\_\_\_\_, 2020 (the “Bond Purchase Agreement”), with respect to the sale of the Series 2020 Bonds, with the Corporation and the Participating Underwriters, as hereinafter defined; and

**WHEREAS**, the Corporation wishes to provide for the disclosure of certain information concerning the Series 2020 Bonds, the Phase II Expansion and other matters on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”);

**NOW, THEREFORE**, in consideration of the promises and agreements made herein and in the Master Indenture, the Bond Indenture and the Loan Agreement by the Corporation and the Authority, including the loan by the Authority to the Corporation of the proceeds of the Series 2020 Bonds, the Corporation agrees and undertakes as follows:

**Section 1. Definitions; Scope of this Certificate.**

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Master Indenture, the Bond Indenture and the Loan Agreement. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual audited financial information prepared by the Members of the Obligated Group, which shall include a balance sheet, a statement of operations and changes in net assets and a statement of cash flows. Annual Financial Information shall also include a calculation of all financial and operating covenants set forth in Article IV of the Master Indenture and a management’s discussion and analysis. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Corporation may change the accounting principles used for preparation of such financial information so long as the Corporation includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

“Beneficial Owner” shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2020 Bonds (including persons holding Series 2020 Bonds through nominees, depositories or other intermediaries).

“Bondholders” shall mean any registered owner of the Series 2020 Bonds and any Beneficial Owner thereof.

“Event” shall mean any of the following events with respect to the Series 2020 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;



- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation \*of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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\* The term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (xv) and (xvi), the Corporation intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Operating Data” shall mean an update of the operating data contained in the Official Statement, including the operating data summarized in the Official Statement under the heading “FINANCIAL REPORTING.”

“Participating Underwriters” shall mean any of the original underwriters of the Series 2020 Bonds required to comply with the Rule in connection with the offering of the Series 2020 Bonds.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Florida.

## **Section 2. Disclosure of Information.**

(A) General Provisions. This Certificate governs the Corporation’s obligation with respect to information to be made public. The Corporation acknowledges that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Certificate, and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Corporation shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) *Annual Financial Information and Operating Data.* Annual Financial Information and Operating Data at least annually not later than 150 days beginning with the Fiscal Year ending August 31, 2020 and continuing with each Fiscal Year thereafter for which the information is provided; provided that if audited financial statements are not available by the filing date, the Corporation shall provide unaudited financial statements and the audited financial statements when and if available.

(2) *Event Notices.* Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(3) *Failure to Provide Annual Financial Information or Operating Data.* Notice of the failure of Corporation to provide the Annual Financial Information or Operating Data by the date required herein.

(C) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Corporation under this Certificate if it is transmitted as provided in subsection (C)(2) of this Section 2 by the following means:

(a) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto); and/or

(2) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

(c) to the extent the Corporation is obligated to file any Annual Financial Information, Operating Data with the MSRB pursuant to this Certificate, such information may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Electronic Municipal Market Access system or filed with the SEC.

Nothing in this subsection shall be construed to relieve the Corporation of its obligation to provide notices or other information to the holders of the Series 2020 Bonds if such notice or information is required by the Bond Indenture or the Master Indenture to be so provided.

### **Section 3. Amendment or Waiver.**

Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or recognized counsel in the field of federal securities laws, as applicable to municipal securities to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance. In lieu of such opinion, this Certificate may be amended with the consent of a majority of the then outstanding principal amount of the Series 2020 Bonds.

### **Section 4. Miscellaneous.**

(A) Representations. The Corporation represents and warrants that it has (i) duly authorized the execution and delivery of this Certificate by its officer whose signature appears on the execution page hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Certificate under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which the Corporation is bound, and (iv) the Corporation is not aware of any litigation or proceeding pending, or, to the best of the Corporation's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Series 2020 Bonds.

(B) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Termination. This Certificate may be terminated by the Corporation when all of the Series 2020 Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity or the Corporation is no longer an Obligated Person with respect to the Series 2020 Bonds.

(E) Defaults: Remedies. The Corporation shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder. If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Corporation by a beneficiary hereof as identified in Section 4(F), such beneficiary may enforce the obligations of the Corporation under this Certificate; provided, however, the sole remedy available in any proceeding to enforce this Certificate shall be an action in mandamus, for specific performance or similar remedy to compel performance. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Master Indenture, the Bond Indenture or the Loan Agreement.

(F) Beneficiaries. This Certificate is entered into by the Corporation for the benefit of the Authority, the Master Trustee, the Bond Trustee, the Participating Underwriters and the Bondholders, and shall create no rights in any other person or entity.

## **Section 5. Notices.**

Any notices or communications to the Corporation with respect to this Certificate may be given as follows:

To the Corporation:	Federation CCRC Operations Corp. 9901 Donna Klein Boulevard Boca Raton, Florida 33428 Attention: Chief Operating Officer Telephone: 561-852-3140
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The Corporation may, by written notice to the Authority, the Master Trustee, the Bond Trustee, the Participating Underwriters and the Bondholders given by the method prescribed by the Master Indenture, the Bond Indenture or the Loan Agreement, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

[Signatures to Follow]

**IN WITNESS WHEREOF**, the Corporation has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

**FEDERATION CCRC OPERATIONS CORP.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT A**

### **MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information**

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at [www.emma.msrb.org](http://www.emma.msrb.org).



TOBY & LEON COOPERMAN  
SINAI RESIDENCES  
BOCA RATON



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