

**SUPPLEMENT DATED DECEMBER 7, 2021 TO
PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2021**

RELATING TO:

\$139,885,000*
CITY OF POMPANO BEACH, FLORIDA
REVENUE BONDS (JOHN KNOX VILLAGE PROJECT),
SERIES 2021

CONSISTING OF:

\$89,885,000*
SERIES 2021A

\$25,430,000*
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-1

\$24,570,000*
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-2

The following information is to supplement the Preliminary Official Statement dated November 19, 2021 (the “POS”), relating to the above-referenced bonds (the “Bonds”). The following revisions of the POS are to be incorporated pursuant to this Supplement. Capitalized words used herein shall have the meanings set forth in the POS.

- 1) The following language is added to “THE BONDS – Redemption – *Extraordinary Redemption*” on page 15 of the POS and in Section 3.04 of the Bond Indenture.

Extraordinary Redemption of Bonds. The Bonds may be redeemed in whole or in part at the option and written direction of the Corporation, at any time, at par plus accrued interest, from proceeds of insurance or condemnation awards resulting from damage or destruction or condemnation of the Facilities (as defined in the Master Indenture), or from prepayments under the Loan Agreement which permits prepayment thereunder, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by other governmental action, the Loan Agreement shall have become void or unenforceable or performance thereunder shall have become impossible in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Obligated Group or their property. **Such written direction of the Borrower shall be accompanied by an Opinion of Counsel that the provisions of the Bond Indenture have been met in order to undertake such redemption.**

- 2) The following is added to the section titled “FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting” on page 59.
 - (k) **Prior to December 31, 2028, the Corporation will host two telephone conference calls per fiscal year. The first investor telephone call will be within 30 days after the Corporation disseminates its audited financial statements for the prior fiscal year end and will include a discussion of the unaudited financials for the first fiscal quarter of the year. The second investor telephone call will be within 30 days after the Corporation posts its unaudited financial statements for the third fiscal quarter of the fiscal year. The Corporation will post a notice of such telephone calls to EMMA at least 15 days prior to the date of the telephone calls.**
 - (l) **Until completion of the 2021 Project, the Corporation will disseminate monthly construction monitoring reports on EMMA within 15 days of receipt from the construction monitor.**

- 3) The following is added to page A-7 under the heading “THE OBLIGATED GROUP – Covid-19.”

As of December 1, 2021, the Corporation estimates 208 staff members COVID-19 cases and 2 staff members deaths as a result of COVID-19 and 159 Resident cases of COVID-19 and estimates approximately 13 Resident deaths as a result of COVID-19. The Corporation presently has one Resident with an active case of COVID.

- 4) The following is added to page A-11 under the heading “THE COMMUNITY – Health Centers.”

The average length of stay in the Health Centers is 415 days for Residents with Life Plan Contracts. The average length of stay for short-term rehabilitation is much shorter and varies depending on the impetus for the patient’s stay in short-term rehabilitation.

- 5) The following information is added to “Sources of Resident Service Revenue” on page A-12.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>August 31, 2021</u>
Life Care Contract Permanent Skilled Nursing	32,772	34,504	31,170	18,008
Life Care Contract Short-Term Skilled Nursing	473	1,224	1,640	699
Medicaid – Florida	4,701	3,846	3,337	2,156
Assisted Living – Medicare A	3,425	3,544	3,393	2,676
Skilled Nursing – Hospice	126	719	772	589
Private Pay				
Skilled Nursing – Medicare A	15,512	16,993	12,461	8,419
Skilled Nursing – Private Pay	6,544	4,314	4,4042	4,636
Total Days	62,553	65,144	56,814	37,183

- 6) The following change is made to the Occupancy Chart on page A-12.

Occupancy

The table below lists the occupancy at the end of the period by level of care for the Corporation.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>December 6, 2021</u>
Level of Care				
Independent Living ¹	88.7%	89.3%	92.5%	92.8%
Assisted Living (Gardens West)	95.3	87.5	64.5 ²	29.0%²
Seaside Cove Health Center	98.1	98.9	76.7	98.0%
The Woodlands Health Center	92.8	94.7	84.7	83.0%

¹ Approximately 29 residents of the Independent Living Units are depositors for the Westlake Tower. The Feasibility Study assumes that those units will be refilled at a pace of 1.5 units per month. Currently, there are 36 individuals on a waitlist for the existing Independent Living Units. See APPENDIX C - THE FEASIBILITY STUDY.

² This decrease is COVID-19 related as it eliminated the ability to admit non-Residents into the Health Centers at times.

- 7) The following change is made on page A-21.

Through October 19, 2021, **107** of the 146 planned Independent Living Units (approximately **73%**) are reserved by prospective residents.

- 8) The following change is made to the Debt Service Coverage Ratio chart on page A-33 and A-34.

Debt Service Coverage Ratio

The following table sets forth the Corporation's Historical Debt Service Coverage Ratios based upon the audited financial statements of the Corporation for the past two fiscal years. Historical Actual Annual Debt Service for fiscal years' Historical Debt Service Coverage Ratio are calculated in accordance with the Master Indenture, which allows for the inclusion of additional interest only after one full year has passed from the time the amenity, sponsored by the debt has been placed into service or if the amenity includes additional Independent Living Units the amenity is stabilized.

	Fiscal Year Ended December 31,		August 31,
	<u>2019</u>	<u>2020</u>	<u>2021</u>¹
Income Available for Debt Service ²	\$12,498,152	\$10,146,465	\$4,718,078
Historical Actual Annual Debt Service ³	3,565,000	1,864,000	1,239,692
Historical Debt Service Coverage Ratio	3.5	5.4	3.8
Historical Debt Service Coverage Ratio Requirement	1.2	1.2	1.2

¹ Based on January 1, 2021 - August 31, 2021 results, YTD.

² Obligated Group only.

³ The Master Indenture tests Long-Term Debt Service Coverage Ratio on an actual basis. Data for 2019 represents actual annual debt service on the outstanding Series 2010 and 2015 bonds at that time. Data for debt service in 2020 represents debt service on the Series 2015 Bonds; debt service on the Series 2020 Bonds is excluded from the calculation of debt service until the first full Fiscal Year commencing after the Fiscal Year in which the Pavilion Project has been placed in service. For August 31, 2021 the Annual Debt Service figure reflects eight months of Maximum Annual Debt Service for the Series 2015 Bonds.

- 9) The following is added to the section titled "Management Discussion and Analysis of the Fiscal Years ending December 31, 2019 and 2020 and the 8-month period ending August 31, 2021."

The Corporation received CARES Act revenue in the amount of \$1,755,329 in Fiscal Year 2020 and \$156,000 in Fiscal Year 2021. All funds were administered by the United States Department of Health and Human Services. The Corporation was not eligible for a Paycheck Protection Loan from the United States Small Business Administration because of its size.

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NEW ISSUE - BOOK-ENTRY ONLY

RATING: Fitch "BBB"
(See "RATING" herein)

In the opinion of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, assuming continuing compliance by the Issuer and the Corporation with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.



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SERIES 2021B-2

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

The City of Pompano Beach, Florida (the "Issuer" or the "City") is issuing its Revenue Bonds (John Knox Village Project), Series 2021, consisting of \$89,885,000* Revenue Bonds Series 2021A (the "Series 2021A Bonds"), \$25,430,000* Entrance Fee Principal Redemption BondsSM Series 2021B-1 (the "Series 2021B-1 Bonds") and \$24,570,000* Entrance Fee Principal Redemption BondsSM Series 2021B-2 (the "Series 2021B-2 Bonds") and together with the Series 2021A Bonds and the Series 2021B-1 Bonds, the "Bonds" pursuant to a Bond Indenture, to be dated as of December 1, 2021 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The Issuer is entering into a Loan Agreement to be dated as of December 1, 2021 (the "Loan Agreement"), with John Knox Village of Florida, Inc. (the "Corporation" and the "Obligated Group Representative") under which the Issuer agrees to lend to the Corporation proceeds of the Bonds and in consideration and as evidence of the loan, the Corporation has agreed to make payments to the Bond Trustee in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Corporation owns and operates a continuing care retirement community presently known as "John Knox Village of Pompano Beach" (the "Community").

The Corporation will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) financing or reimbursing the Corporation for the cost of certain capital improvements for or to the Community, including constructing, installing and equipping a new 15-story tower ("The Vue") and a new 11 story tower ("The Terrace"), with approximately 146 independent living units (together, the "Westlake Tower") and a waterway connecting the newly constructed Lake Maggie to a new lake (the "Waterway" and, together with the Westlake Tower and other capital improvements to the Community, the "2021 Project"); (ii) funding a debt service reserve fund and capitalized interest, and (iii) paying costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Except as described in this Official Statement, the Bonds and the interest payable thereon are limited obligations of the Issuer and are payable solely from and secured exclusively by the funds pledged thereto under the Bond Indenture, the payments to be made by the Corporation pursuant to the Loan Agreement, and the Series 2021 Obligations (as defined herein) issued by the Corporation, as the sole member of the an obligated group (the "Obligated Group") pursuant to the Composite Amended and Restated Master Trust Indenture by and among the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee"), as supplemented by the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 dated as of December 1, 2021 (the "Supplemental Master Indenture") for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, said Master Indenture may be further amended and supplemented from time to time (collectively, the "Master Indenture").

The Series 2021 Obligations will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation's payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Bonds (John Knox Village Project), Series 2015 (the "Series 2015 Bonds"), (2) Obligation No. 4, which was issued to secure the Corporation's payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds (John Knox Village Project), Series 2020 (the "Series 2020 Bonds") and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the "Parity Obligations"). See "ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS" herein. The Corporation is currently the sole Member of the Obligated Group. The sources of payment of, and security for, the Bonds are more fully described in this Official Statement.

The Bonds also subject to acceleration of maturity and optional and mandatory redemption, in whole or in part, prior to maturity at the prices and under the circumstances described herein. See "THE BONDS-Redemption" herein.

The Bonds when issued will be registered only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased and ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Principal of and interest on the Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "Book-Entry Only System" in Appendix G hereto.

An investment in the Bonds involves risk related to, among other things, the nature of the Obligated Group's business, the regulatory environment, and the provisions of the principal documents. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein for a discussion of certain risk factors that should be considered in connection with an investment in the Bonds.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF FLORIDA (THE "STATE"), THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

The Bonds are being offered, subject to prior sale and withdrawal of such offer without notice, when, as and if issued by the Issuer and accepted by Herbert J. Sims & Co., Inc. (the "Underwriter") subject to the approving opinion of Bryant Miller Olive P.A. Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia. Hamlin Capital Advisors, LLC, Tampa, Florida, is serving as Financial Advisor to the Corporation. It is expected that the Bonds will be available for delivery to the Bond Trustee on behalf of DTC, against payment therefor, on or about December __, 2021.



Dated: _____, 2021

* Preliminary, subject to change.

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The Bonds will be issuable in fully registered form without coupons in minimum denominations of \$5,000 and any integral multiples thereof. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2022.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$89,885,000* Series 2021A Bonds

\$2,130,000* ___% Due September 1, 2031* Yield ___% CUSIP[®]†732203 ___
\$6,110,000* ___% Due September 1, 2036* Yield ___% CUSIP[®]†732203 ___
\$7,430,000* ___% Due September 1, 2041* Yield ___% CUSIP[®]† 732203 ___
\$26,180,000* ___% Due September 1, 2051* Yield ___% CUSIP[®]† 732203 ___
\$48,035,000* ___% Due September 1, 2056* Yield ___% CUSIP[®]† 732203 ___

\$25,430,000* Series 2021B-1 Bonds

\$25,430,000* ___% Series 2021B-1 Term Bonds Due September 1, 2029* @ ___ to Yield ___% CUSIP 732203 ___†

\$24,570,000* Series 2021B-2 Bonds

\$24,570,000* ___% Series 2021B-2 Term Bonds Due September 1, 2027* @ ___ to Yield ___% CUSIP[®] 732203 ___†

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* Preliminary, subject to change.

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 Issuer, the Corporation or the Underwriter. The information set forth herein concerning the Corporation, the Community and the 2021 Project 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 Issuer 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.

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, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information contained in this Official Statement has been furnished by the Corporation, the Issuer, DTC, and other sources that 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. Except where otherwise expressly 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 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.

U.S. Bank National Association, in each of its capacities, including, but not limited to, as Bond Trustee, Master Trustee, bond registrar, and paying agent, has not participated in the preparation of this Official Statement or provided, reviewed or approved any information in this Official Statement and makes no representation as to the contents, accuracy, fairness or completeness of this Official Statement. U.S. Bank National Association has not evaluated the risks or propriety of any investment in the Bonds; and U.S. Bank National Association makes no representation as to the suitability or investment quality of the Bonds for any investor, the technical or financial feasibility or performance of the Corporation's business, or compliance with any securities, tax or other laws or regulations, about all of which U.S. Bank National Association expresses no opinion and expressly disclaims the expertise to evaluate.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND INDENTURE AND THE MASTER INDENTURE HAVE NOT 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 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH 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 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 STABILIZES OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as

amended. Such statements are generally identifiable by the terminology used such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “forecast,” or other 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 PLAN 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. 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.

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Cassles Tower



Heritage Tower



Village Towers



Water View from Garden Villas



Woodlands at JKV (GreenHouse)



Woodlands at JKV – Common Area



Aquatic Center



Rendering of Pavilion



Performing Arts Centre in Pavilion



Nautilus Bar in Pavilion



Formal Dining in Pavilion



Proposed Westlake Tower



Additional Rendering of Proposed Westlake Tower



Westlake Tower from Maggie Lake



Westlake Tower Sample Kitchen



Westlake Tower Sample Living Room



Westlake Tower Lobby



Westlake Tower Art Center



Westlake Tower Marketplace

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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 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 Issuer

The City of Pompano Beach, Florida (the “Issuer” or the “City”), is a public body corporate and politic duly created and existing under the laws of the State of Florida. The Issuer is authorized provisions of the Florida Constitution, the Charter of the Issuer, Chapter 166, Florida Statutes, as amended, and other applicable provisions of law (collectively, the “Act”), and Chapter 159, Part II, Florida Statutes, as amended (the “Financing 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 the Issuer.

Although the Issuer has consented to the use of this Official Statement in connection with the offering and sale of the Bonds, the Issuer has not participated in the preparation of this Official Statement, including any Appendices hereto. The Issuer makes no representation and assumes no responsibility as to the accuracy, adequacy or completeness of the information in this Official Statement, including any Appendices hereto, other than with respect to the accuracy of the information relating to the Issuer under the captions “THE ISSUER” and “LITIGATION – Issuer” herein. The Issuer has relied upon representations of the Corporation and the advice of Bond Counsel, without independent investigation, as to various matters in executing and delivering the Bonds, the Bond Indenture, the Loan Agreement and various other documents and instruments in connection therewith. The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of such information obtained by any purchaser of the Bonds. See “THE ISSUER” herein.

The Corporation

The John Knox Village of Florida, Inc. (the “Corporation”) is a Florida not-for-profit corporation. The Corporation owns and operates a continuing care retirement community presently known as “John Knox Village of Pompano Beach” (the “Community”). The Corporation has been determined by the Internal Revenue Service to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. See Appendix A hereto for information about the Corporation and the Community. See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto

Plan of Finance

The Issuer will issue its \$139,885,000* Bonds (John Knox Village Project) Series 2021 (the “Bonds”). The Corporation will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) financing or reimbursing the Corporation for the cost of certain capital improvements for or to the Community, including constructing, installing and equipping a new 15-story tower (“The Vue”) and a new 11 story tower (“The Terrace”), with approximately 146 independent living units (together, the “Westlake Tower”) and a waterway connecting the newly constructed Lake Maggie to a new lake (the “Waterway” and, together with the Westlake Tower and other capital improvements to the Community, the “2021 Project”); (ii) funding a debt service reserve fund and capitalized interest, and (iii) paying costs associated with the issuance of the Bonds. See “PLAN OF FINANCE” herein for additional information.

In March 2021, the Corporation began collecting deposits for reservations for Westlake Tower Independent Living Units. Through October 19, 2021, 103 of the 146 planned Independent Living Units (approximately 70.5%) are reserved by prospective residents.

The Bonds

The Issuer proposes to issue \$139,885,000* aggregate principal amount of its Revenue Bonds, consisting of three series as follows: (i) \$89,885,000* Revenue Bonds Series 2021A (the “Series 2021A Bonds”); (ii) \$25,430,000* Entrance Fee Principal Redemption BondsSM Series 2021B-1 (the “Series 2021B-1 Bonds”); and (iii) \$24,570,000* Entrance Fee Principal Redemption BondsSM Series 2021B-2 (the “Series 2021B-2 Bonds” and together with the Series 2021A Bonds and the Series 2021B-1 Bonds, the “Bonds”).

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to their stated maturity. See “THE BONDS” herein.

Denominations. The Bonds are issuable in the denominations of \$5,000 and any integral in excess thereof. See “THE BONDS” herein.

Registration, Transfers and Exchanges. The 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, its participating members, which include securities brokers and dealers, banks, trust companies, and clearing corporations (“DTC Participants”). Beneficial Owners will not be entitled to receive physical delivery of the Bonds. Transfers of ownership interests in the 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” in Appendix G hereto.

Payments. Interest on each series of the Bonds is payable on March 1 and September 1 of each year (each such date, an “Interest Payment Date”), commencing March 1, 2022. Payment of the principal of and interest on each series of the 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 Bonds. See “BOOK-ENTRY ONLY SYSTEM” in Appendix G hereto.

Tax Matters. In the opinion of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, assuming continuing compliance with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax. See “TAX MATTERS” herein for a description of certain other tax consequences to holders of the Bonds. See “TAX MATTERS” herein.

Application of Westlake Tower Initial Entrance Fees

(a) The Master Trustee will establish and maintain a new separate fund to be known as the “Entrance Fee Fund – John Knox Village of Florida, Inc. Project” (the “Entrance Fee Fund”). All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds for the benefit of all of the Obligations Outstanding under the Master Indenture (except as otherwise provided) and will 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 the Master Indenture.

(b) The Members of the Obligated Group have agreed and covenanted that Westlake Tower Initial Entrance Fees, after being released from the escrow thereof with the Chapter 651 Entrance Fee Escrow Agent, will be transferred as set forth in the Master Indenture and used first to redeem the Series 2021B-2 Bonds and then the Series 2021B-1 Bonds issued under the Bond Indenture. The Members of the Obligated Group have agreed to file a certificate with the Chapter 651 Entrance Fee Escrow Agent within three (3) business days from the date that

Westlake Tower Initial Entrance Fee previously deposited therein is available by law to be released from the Entrance Fee Escrow Account, and will further direct (as set forth in such certificate) that such released Westlake Tower Initial Entrance Fees be transferred and submitted from the Chapter 651 Entrance Fee Escrow Agent directly to the Master Trustee.

Each such transfer shall also be accompanied by a copy of the related Entrance Fee deposit transmittal letter forwarded to the Chapter 651 Entrance Fee Escrow Agent (an “Entrance Fee Transmittal Letter”). Upon such release of the Westlake Tower Initial Entrance Fee from the Entrance Fee Escrow Account such monies shall be transferred to the Master Trustee by the Chapter 651 Entrance Fee Escrow Agent.

On each March 15, June 15, September 15 and December 15 (or, if such day is not a Business Day, while any portion of the Series 2021B-1 Bonds or the Series 2021B-2 Bonds remain Outstanding, then on the next succeeding Business Day) (each, an “Entrance Fee Transfer Date”) any amounts held in the Entrance Fee Fund shall be transferred to the Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of the Bond Indenture.

(c) Notwithstanding anything in the Master Indenture to the contrary, on each Entrance Fee Transfer Date the Master Trustee shall transfer Westlake Tower Initial Entrance Fees (as identified by the Obligated Group Representative in the certificate filed under subsection (b) above), to the Bond Trustee to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of 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. Amounts transferred to the Bond Trustee pursuant to the Master Indenture shall be free and clear of any lien of the Master Indenture upon such transfer.

(d) After all of the Related Bonds consisting of the Series 2020B-1 Bonds and the Series 2020B-2 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 shall no longer deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction in full 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 will be closed.

For purposes of calculating the expected weighted average life and redemption of the Series 2021B-2 Bonds and the Series 2021B-1 Bonds, Management has assumed redemptions utilizing Westlake Tower Initial Entrance Fee Units upon achieving occupancy of approximately 50%* (with respect to the Series 2021B-2 Bonds) and 87.7%* (with respect to the Series 2021B-1 Bonds). See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

Security and Sources of Payment for the Bonds

Limited Special Obligations. THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF FLORIDA (THE “STATE”), THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

* Preliminary, subject to change.

The Loan Agreement. Under the Loan Agreement, dated as of December 1, 2021 (the “Loan Agreement”), between the Corporation and the Issuer, the Corporation has agreed to make loan payments sufficient, among other things, to pay in full when due all principal of, premium, if any, and interest on the Bonds and the administrative fees of the Bond Trustee. See “SECURITY FOR THE BONDS – Loan Agreement” herein.

The Bond Indenture. The Bonds are issued under and are equally and ratably secured under the Bond Trust Indenture, dated as of December 1, 2021 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Bond Trustee”), pursuant to which the Issuer has assigned and pledged to the Bond Trustee as follows: (1) the hereinafter described Obligation No. 5 (“Obligation No. 5”) and Obligation No. 6 relating to the Bonds (“Obligation No. 6” and collectively with Obligation No. 5, the “Series 2021 Obligations”), (2) certain rights of the Issuer under the hereinafter described Loan Agreement and assigned by the Issuer to the Bond Trustee (except for certain reserved rights of the Issuer, including its rights to indemnification payments and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices), (3) the funds and accounts, including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture, and (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for such Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or the Series 2021 Obligations. See “SECURITY FOR THE BONDS – General” herein.

The Bond Indenture establishes a Construction Fund. The Corporation will use these monies to the pay costs of the 2021 Project associated with Westlake Tower. Before any such payment shall be made, the Corporation shall file with the Bond Trustee a requisition pursuant to the terms and conditions of the hereinafter described Construction Disbursement Agreement.

Master Indenture and Mortgage. The obligation of the Corporation to repay the loan from the Issuer will be evidenced by the Series 2021 Obligations, issued under and entitled to the benefit and security of the Composite Amended and Restated Master Trust Indenture, by and among the Obligated Group and U.S. Bank National Association, as master trustee (the “Master Trustee”), as supplemented by the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 dated as of December 1, 2021 (the “Supplemental Master Indenture”) for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, said Master Indenture may be further amended and supplemented from time to time (collectively, the “Master Indenture”). See “Master Indenture” in Appendix D hereto. See also “RISK FACTORS – Certain Matters Relating to the Enforceability of the Master Indenture.”

The Corporation is currently the sole Member of the Obligated Group. The Series 2021 Obligations will constitute an unconditional promise by each Member of the Obligated Group (as defined in the Master Indenture) to pay amounts sufficient to pay principal of (whether at maturity, by acceleration or call for redemption) and premium, if any, and interest on the Bonds; and the Series 2021 Obligations will be secured on a parity basis with any other Obligations heretofore and hereafter issued under the Master Indenture, by a lien on and security interest in the Mortgaged Property granted to the Master Trustee pursuant to the Amended and Restated Mortgage and Security Agreement dated October 31, 2014, by and among the Obligated Group and the Master Trustee, as supplemented by the Second Supplement to Amended and Restated Mortgage and Security Agreement and Notice of Future Advances dated as of December 1, 2021 (collectively the “Mortgage”) and a security interest in the Gross Revenues of the Corporation and the Funds established under the Master Indenture. The Corporation and each Member of the Obligated Group 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.

Parity Obligations. Upon the issuance of the Bonds, the Series 2021 Obligations will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation’s payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds (John Knox Village Project), Series 2015 (the “Series 2015 Bonds”), (2) Obligation No. 4, which was issued to secure the Corporation’s payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds

(John Knox Village Project), Series 2020 (the “Series 2020 Bonds”) and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the “Parity Obligations”). Upon the issuance of the Bonds, Obligation No. 5 will constitute 37%* of the outstanding Obligations of the Corporation and Obligation No. 6 will constitute 20%* of the outstanding principal amount of the Obligations of the Corporation. See “ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS” herein.

Pledge of Gross Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2021 Obligations and other Obligations issued under the Master Indenture, the Members of the Obligated Group have pledged, assigned, confirmed and granted a security interest unto the Master Trustee in the Gross Revenues of the Obligated Group. “Gross Revenues” means all revenues, income and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its operations, including Entrance Fees (as defined in the Master Indenture in Appendix D hereto), (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by the Master Indenture to be applied in a manner consistent with their use as Gross Revenues, (ii) Accounts (as hereinafter defined), (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements, and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property excluding all deposits made pursuant to residency agreements to be held in escrow under Chapter 651, Florida Statutes. See “SECURITY FOR THE BONDS” herein.

Debt Service Reserve Fund. As additional security for the Bonds, a debt service reserve fund (the “Debt Service Reserve Fund”) has been established pursuant to the Master Indenture and will be funded from the proceeds of the Bonds. The Debt Service Reserve Fund is required to be funded in an amount equal to \$ _____* (the “Reserve Fund Requirement”). See “SECURITY FOR THE BONDS – Debt Service Reserve Fund.” The Debt Service Reserve Fund secures the Obligation No. 4 and Obligation No. 5 (and therefore the Series 2021A Bonds and the Series 2020 Bonds), but, at the Corporation’s determination and upon compliance with the Master Indenture, could secure future Obligations under the Master Indenture. The Debt Service Reserve Fund does not secure the Series 2021B-1 Bonds or the Series 2021B-2 Bonds. The Series 2015 Bonds are secured under a separate debt service reserve fund that only secures the Series 2015 Bonds. See also “Bond Indenture and Master Indenture” in Appendix D hereto.

Assignment of Contract and Agreements. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2021 Obligations and other Obligations issued under the Master Indenture, the Corporation will execute and deliver an Assignment of Contracts and Agreements dated as of December 1, 2021 (the “Assignment of Contract Documents”) in favor of the Master Trustee whereby the Corporation will assign its interests in certain design and contract documents relating to a portion of the 2021 Project.

Certain Covenants of the Obligated Group

Long-Term Debt Service Coverage Ratio. Each Member of the Obligated Group has covenanted in the Master Indenture to set rates and collect charges for its Facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each December 31, based upon the Financial Statements, will not be less than 1.10; *provided, however*, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service

* Preliminary, subject to change

Requirement with respect thereto shall not be taken into account until the earlier of (i) the first full Fiscal Year next succeeding the Fiscal Year in which Stable Occupancy (which means, in connection with the incurrence of Additional Indebtedness for any capital addition to the Facilities, an average occupancy of 85% for a full Fiscal Year) was achieved or (ii) the fifth full Fiscal Year following the issuance of such Indebtedness); in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence. For more information regarding the Obligated Group's historical Long-Term Debt Service Coverage Ratio, see Appendix A hereto.

In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any annual period, commencing with the Fiscal Year ended December 31, 2021, is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action. Further, during the period in which the Long-Term Debt Service Coverage Ratio is less than 1.10, the Obligated Group shall furnish to the Master Trustee, on a quarterly basis within 30 days following the end of each quarter, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such 12-month period then ended.

In the event management of the Corporation prepares the report required by paragraph (b) above and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period.

In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so pursuant to the Master Indenture, the Master Trustee may, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Obligations, select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above.

The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant pursuant to paragraph (c) or paragraph (d) of this Section. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Notwithstanding any other provisions of this Master Indenture, if the Obligated Group Members shall revise such fees, rentals, rates and other charges in conformity with the recommendations of the Management Consultant and otherwise follow the recommendations of the Management Consultant, then the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required the Master Indenture not be deemed to constitute an Event of Default hereunder; provided, however, that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 for a Fiscal Year may be declared by the Master Trustee to be an Event of Default but only if the amount of Days Cash on Hand as of the last day of such Fiscal Year is less than 150. However, if as of the next succeeding December 31, the Long-Term Debt Service Coverage Ratio is less than 1.00, regardless of the amount of Days Cash on Hand, an Event of Default may be declared by the Master Trustee.

Days Cash on Hand. The Obligated Group has covenanted that it shall maintain at least 100 Days Cash on Hand (the "Liquidity Covenant"). Compliance with the Liquidity Covenant shall be tested each December 31 based on audited financial statements. If the Liquidity Covenant is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calendar date explaining in detail the reasons for failing to meet the Days Cash on Hand and recommending corrective action. If the Liquidity Covenant is not met in the next annual period after the delivery of such report, a report of a Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be

adopted. For more information regarding the Obligated Group's historical Days Cash on Hand, see Appendix A hereto.

The failure to comply with the Liquidity Covenant will not constitute a Default or Event of Default under the Master Indenture, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in the Master Indenture in preparing and implementing a report and plan for correcting such a failure; provided that failure to provide a Consultant's report as described above or to implement its recommendations shall constitute an Event of Default under the Master Indenture. However, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Occupancy Requirements. Commencing with the first fiscal quarter that ends not less than 60 days following the date of issuance of the first certificate of occupancy for the first building containing Independent Living Units in Westlake Tower, and ending at the beginning of the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group will use its best efforts to meet certain Occupancy Requirements. See "SECURITY FOR THE SERIES 2021 – Occupancy Covenant" herein for a further description, including actions required to be taken if such covenants are not met.

Financial Statements

The audited financial statements of the Corporation and its affiliates and subsidiaries as of December 31, 2020, included in this Official Statement in Appendix B hereto, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. Audited financial statements of the Corporation for prior fiscal years are available on EMMA. See "AUDITED FINANCIAL STATEMENTS" herein.

Financial Reporting and Disclosure

Financial Reporting. The Master Indenture requires that the Obligated Group Representative provide to each Required Information Recipient certain financial information on a quarterly and annual basis. For a description of the financial information required to be provided, see "FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting" herein.

Continuing Disclosure. The Corporation, however, has agreed to make certain financial information and operating data available to holders of the Bonds as described under "FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Continuing Disclosure" herein and "FORM OF CONTINUING DISCLOSURE CERTIFICATE" in Appendix E hereto. The Corporation is solely responsible for providing such disclosure, and the Issuer shall have no responsibility or liability to the holders of the Bonds or any other person for the making, monitoring or content of such disclosures.

Financial Feasibility Study

CliftonLarsonAllen LLP, independent certified public accountants, has prepared the Financial Feasibility Study dated November 19, 2021 (the "Financial Feasibility Study"), included as Appendix C hereto.

The Financial Feasibility Study includes management's financial forecast for the six years ending December 31, 2026. 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. See also "RISK FACTORS – Financial Feasibility Study" herein.

JOHN KNOX VILLAGE OF FLORIDA, INC.
FORECASTED SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS, EXCEPT FOR RATIOS)

Long-Term Debt Service Coverage Ratio ⁽¹⁾	2021	2022	2023	2024	2025	2026
Change in net assets (deficit) without donor restrictions	\$ (10,546)	\$ (15,271)	\$ (16,829)	\$ (19,211)	\$ (12,848)	\$ (9,135)
Deduct:						
Entrance fee amortization	(10,216)	(12,034)	(13,193)	(16,592)	(19,019)	(21,921)
Unrealized gain on investments	(1,400)					
Add:						
Depreciation	13,912	15,526	17,328	21,407	22,583	23,305
Interest expense and amortization	2,545	4,232	4,458	8,280	7,704	7,256
Entrance fees received, net of refunds	16,075	21,623	22,461	26,571	27,533	24,582
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 20,455	\$ 25,953	\$ 24,087
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Maximum Annual Debt Service ⁽²⁾	\$ 4,581	\$ 4,581	\$ 6,155	\$ 6,155	\$ 6,155	\$ 10,792
Long-Term Debt Service Coverage Ratio - MADS Based ⁽²⁾	2.26 x	3.07 x	2.31 x	3.32 x	4.22 x	2.23 x
Days Cash on Hand	2021	2022	2023	2024	2025	2026
Cash and Cash Equivalents	\$ 9,438	\$ 10,330	\$ 10,729	\$ 11,749	\$ 12,110	\$ 12,448
Investments	37,848	31,126	27,824	24,965	30,594	33,281
Board Designated Funds	1,814	1,814	1,814	1,814	1,814	1,814
Minimum Liquid Reserve	14,780	16,539	16,896	18,458	19,343	20,176
Total Cash on Hand	\$ 63,880	\$ 59,809	\$ 57,263	\$ 56,986	\$ 63,661	\$ 67,719
Operating Expenses	\$ 69,896	\$ 79,805	\$ 84,151	\$ 94,541	\$ 97,430	\$ 99,790
Adjustments:						
Depreciation	(13,912)	(15,526)	(17,328)	(21,407)	(22,583)	(23,305)
Amortization of Deferred Financing Costs	(168)	(493)	(516)	(447)	(241)	(153)
Amortization of Bond Premium	194	292	329	329	329	329
Adjusted Operating Expenses	\$ 56,010	\$ 64,078	\$ 66,636	\$ 73,016	\$ 74,935	\$ 76,661
Daily Operating Expenses	\$ 153.45	\$ 175.56	\$ 182.56	\$ 200.04	\$ 205.30	\$ 210.03
Days Cash on Hand	416	341	314	285	311	322

Notes to the Forecasted Schedule of Financial Ratios:

- The calculations for the long-term debt service coverage ratio and days cash on hand are presented based upon the terms of the Master Trust Indenture. In 2021 and 2022, the long-term debt service requirement excludes the portion of the Series 2020 Bonds associated with the Pavilion Project, as defined hereinafter, and Series 2021 Bonds. The debt service requirements associated with the portion of the Series 2020 Bonds relating to the Pavilion Project are included beginning in 2023 which is the fiscal year subsequent to the Pavilion Project being placed into service. In 2023, 2024 and 2025, the long-term debt service requirement excludes the debt service associated with the Series 2021 Bonds. Pursuant to the Master Trust Indenture, the long-term debt service requirement for the Series 2021 Bonds is included the **earlier** of the year subsequent to the New Independent Living Units achieving an average occupancy for the year of 85 percent (2027) or the fiscal year that is five years subsequent to the year of issuance of the Series 2021 Bonds, which is 2028.
- At the request of the Underwriter, management has presented the long-term debt service coverage ratio using the maximum annual long-term debt service ("MADS") requirement each year. The same from note 1 to determine MADS each year. This is not a required calculation under the Master Trust Indenture.

Risk Factors

An investment in the Bonds involves risk including those risks set forth under the heading “RISK FACTORS” herein. A prospective bondholder is advised to read “SECURITY FOR THE BONDS” and “RISK FACTORS” for a discussion of certain risk factors which should be considered in connection with an investment in the Bonds. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, because the 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 residency agreements and manage the Community 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 Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the Issuer and accepted by Herbert J. Sims & Co., Inc., (the “Underwriter”) subject to prior sale and to withdrawal or modification of the offer without notice. The Bonds in definitive form are expected to be delivered to the Bond Trustee on behalf of The Depository Trust Company (“DTC”) under the DTC FAST system of registration on or about December __, 2021.

Professionals Involved in Offering

Bryant Miller Olive P.A., Tampa, Florida, serves as bond counsel. Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia. Hamlin Capital Advisors, LLC, Tampa, Florida, is serving as Financial Advisor to the Corporation.

The Principal Documents

THE DESCRIPTIONS AND VARIOUS DOCUMENTS SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING APPENDIX C, DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE; AND REFERENCE IS MADE TO EACH DOCUMENT FOR COMPLETE DETAILS OF ALL TERMS AND CONDITIONS. ALL STATEMENTS HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY THE TERMS OF EACH SUCH DOCUMENT. DURING THE PERIOD OF THE OFFERING, COPIES OF DRAFTS OF THE BONDS, THE BOND INDENTURE, THE LOAN AGREEMENT, THE SERIES 2021 OBLIGATIONS, THE MASTER INDENTURE, THE MORTGAGE AND THE CONTINUING DISCLOSURE CERTIFICATE ARE AVAILABLE FROM THE UNDERWRITER; AND FOLLOWING DELIVERY OF THE BONDS, COPIES OF THE EXECUTED ORIGINALS THEREOF MAY BE EXAMINED AT THE DESIGNATED CORPORATE TRUST OFFICE OF THE BOND TRUSTEE.

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OFFICIAL STATEMENT
relating to
\$139,885,000*
CITY OF POMPANO BEACH, FLORIDA
REVENUE BONDS (JOHN KNOX VILLAGE PROJECT),
SERIES 2021

CONSISTING OF:

\$89,885,000*
SERIES 2021A

\$25,430,000*
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-1

\$24,570,000*
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-2

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page, inside cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by the City of Pompano Beach, Florida (the “Issuer” or the “City”) of its Revenue Bonds (John Knox Village Project) Series 2021, consisting of (i) \$89,885,000* Revenue Bonds, Series 2021A (the “Series 2021A Bonds”), (iii) \$25,430,000* Entrance Fee Principal Redemption BondsSM Series 2021B-1 (the “Series 2021B-1 Bonds”) and \$24,570,000* Entrance Fee Principal Redemption BondsSM Series 2021B-2 (the “Series 2021B-2 Bonds” and together with the Series 2021A Bonds and the Series 2021B-1 Bonds, the “Bonds”).

The Bonds are being issued pursuant to the provisions of the Florida Constitution, the Charter of the Issuer, Chapter 166, Florida Statutes, as amended, and other applicable provisions of law (collectively, the “Act”), and Chapter 159, Part II, Florida Statutes, as amended (the “Financing Act”) and in conformity with the provisions, restrictions and limitations thereof and pursuant to the Bond Indenture to be dated as of December 1, 2021 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”).

See Appendix D hereto for definitions assigned to certain capitalized terms used, but not defined, herein. 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.

Purpose of the Bonds

The proceeds of the Bonds will be lent to John Knox Village of Florida, Inc. (the “Corporation” and “Obligated Group Representative”) pursuant to a Loan Agreement to be dated as of December 1, 2021, between the Issuer and the Corporation (the “Loan Agreement”) and will be used, together with other available moneys described herein, for the purposes of (i) financing or reimbursing the Corporation for the cost of certain capital improvements for or to the Community, including constructing, installing and equipping the 2021 Project; (ii) funding a debt service reserve fund and capitalized interest, and (iii) paying costs associated with the issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Risk Factors

An investment in the Bonds involves risk. Certain risks are inherent in the successful operation of the Community on a basis such that sufficient cash will be available to pay interest on and to retire indebtedness. See “RISK FACTORS” below for a discussion of certain of these risks. A prospective bondholder is advised to read the entire Official Statement, including the appendices hereto, before making an investment decision to purchase Bonds. Reference is made to “SECURITY FOR THE BONDS” and “RISK FACTORS” herein for a discussion of certain risk factors which should be considered in connection with an investment in the Bonds.

THE ISSUER

General

The Issuer is a duly created and validly existing municipal corporation of the State with the powers, among others, set forth in the Act and a “local agency” within the meaning of the Financing Act. The Issuer was incorporated in 1947 and operates under its own charter with a city manager-commission form of government.

Limitation of Liability

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE, THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, THE ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Disclosure Required by Section 517.051, Florida Statutes

Section 517.051, Florida Statutes, as amended, provides for the exemption from registration of certain governmental securities, provided that if an issuer or guarantor of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation, its securities may not be offered or sold in the State pursuant to the exemption except by means of an offering circular containing full and fair disclosure, as prescribed by rules of the Florida Department of Banking and Finance (the “Department”). Under the rules of the Department, the prescribed disclosure is not required if the information would not be considered material by a reasonable investor.

The Issuer has the power to issue, and has issued, bonds for the purpose of financing projects for the benefit of the Members of the Obligated Group and other conduit borrowers. Bonds issued by the Issuer for parties other than the Members of the Obligated Group may have been, or may be, in default as to principal and interest. However, disclosure with respect to any default on such bonds is not deemed appropriate or material with respect to the Bonds because the source of payment for such defaulted bonds, if any, is separate and distinct from the source of payment for the Bonds.

To the best knowledge of the Issuer, the Issuer is not and has not been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued by the Issuer for the benefit of any Member of the Obligated Group. The Obligated Group has represented to the Issuer that no Member of the Obligated Group 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 Member of the Obligated Group.

Although the Issuer has consented to the use of this Official Statement in connection with the offering and sale of the Bonds, the Issuer has not participated in the preparation of this Official Statement, including any Appendices hereto. The Issuer makes no representation and assumes no responsibility as to the accuracy, adequacy

or completeness of the information in this Official Statement including any Appendices hereto other than with respect to the accuracy of the information relating to the Issuer under the captions “THE ISSUER” and “LITIGATION – Issuer” herein. The Issuer has relied upon representations of the Corporation and the advice of Bond Counsel, without independent investigation, as to various matters in executing and delivering the Bonds, the Bond Indenture, the Loan Agreement and various other documents and instruments in connection therewith. The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of such information obtained by any purchaser of the Bonds.

THE OBLIGATED GROUP

The Corporation was incorporated in 1978 as a Florida not-for-profit corporation organized for the purpose of providing housing, health care and other related services to the senior population. The Corporation is the sole member of the Obligated Group. The Corporation has received a determination from the Internal Revenue Service (the “IRS”) of its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and exempt from federal income taxation under Section 501(a) of the Code. The Corporation is subject to Chapter 651, Florida Statutes. See “FLORIDA REGULATION OF CONTINUING CARE FACILITIES” herein.

The Corporation owns and operates the Community which is located on approximately 65 acres in Pompano Beach, Florida. See Appendix A hereto for more information about the Corporation and the Community.

PLAN OF FINANCE

The Corporation will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) financing or reimbursing the Corporation for the cost of certain capital improvements for or to the Community, including constructing, installing and equipping the 2021 Project; (ii) funding a debt service reserve fund and capitalized interest, and (iii) paying costs associated with the issuance of the Bonds. For more information, see Appendix A hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Bonds are as follows:

SOURCES OF FUNDS

Par Amount	\$ _____
Original Issue Premium	_____
Total	\$ _____

USES OF FUNDS

Funding for the 2021 Project	\$ _____
Capitalized Interest	_____
Debt Service Reserve Fund ¹	_____
Costs of Issuance ²	_____
Total	\$ _____

¹ The Debt Service Reserve Fund was funded by proceeds of the Series 2020 Bonds in the amount of \$4,291,187. An additional deposit will be funded by proceeds of the Series 2021A Bonds in an amount necessary to meet the Reserve fund Requirement (as defined in the Master Indenture). The Debt Service Reserve Fund secures both the Series 2021A Bonds and the Series 2020 Bonds. The Debt Service Reserve Fund does not secure the Series 2021B-1 Bonds or the Series 2021B-2 Bonds. The Series 2015 Bonds are secured under a separate debt service reserve fund that only secures the Series 2015 Bonds.

² The Corporation estimates that bond issuance costs would approximate this amount and would include legal fees, accounting fees, Underwriter’s discount, rating agency fees, professional fees and other costs associated with the issuance of the Bonds.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated debt service schedule for the Bonds, the Series 2020 Bonds and the Series 2015 Bonds, including the principal of the Series 2020 Bonds and the Series 2015 Bonds to be redeemed by mandatory sinking fund redemption. Pursuant to the Master Indenture, the Corporation anticipates prepaying the Series 2021B-2 Bonds and the Series 2021B-1 Bonds (in that order) from Westlake Tower Initial Entrance Fees prior to their stated maturity. The actual timing of the prepayment of the Series 2021B-2 Bonds and the Series 2021B-1 Bonds may differ from the assumptions below because of timing differences in the actual receipt of Westlake Tower Initial Entrance Fees. The Bonds are subject to optional, mandatory, and extraordinary optional redemption. See “THE BONDS – Redemption Prior to Maturity” herein.

Bond Year Ending September 1	Series 2021A Bonds		Series 2021B-1 Bonds		Series 2021B-2 Bonds		Series 2020 Bonds		Series 2015 Bonds		Total
	Principal Payments	Interest	Expected Principal Payments ¹	Expected Interest ¹	Expected Principal Payments ¹	Expected Interest ¹	Principal Payments	Interest	Principal Payments	Interest	
2022	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,295,000	2,996,513	\$685,000	\$1,177,038	\$ ---
2023	---	---	---	---	---	---	1,335,000	2,954,425	720,000	1,142,788	---
2024	---	---	---	---	---	---	1,380,000	2,911,038	755,000	1,106,788	---
2025	---	---	---	---	---	---	1,425,000	2,866,188	795,000	1,069,038	---
2026	---	---	---	---	---	---	1,475,000	2,819,875	830,000	1,029,288	---
2027	---	---	---	---	---	---	1,525,000	2,768,250	855,000	1,005,425	---
2028	---	---	---	---	---	---	1,580,000	2,714,875	880,000	979,775	---
2029	---	---	---	---	---	---	1,630,000	2,659,575	910,000	952,275	---
2030	---	---	---	---	---	---	1,685,000	2,602,525	940,000	922,700	---
2031	---	---	---	---	---	---	1,745,000	2,543,550	970,000	892,150	---
2032	---	---	---	---	---	---	1,810,000	2,482,475	1,010,000	849,200	---
2033	---	---	---	---	---	---	1,875,000	2,419,125	1,055,000	804,850	---
2034	---	---	---	---	---	---	1,935,000	2,353,500	1,105,000	758,925	---
2035	---	---	---	---	---	---	2,005,000	2,285,775	1,150,000	711,250	---
2036	---	---	---	---	---	---	2,075,000	2,215,600	1,200,000	662,000	---
2037	---	---	---	---	---	---	2,160,000	2,132,600	1,260,000	602,000	---
2038	---	---	---	---	---	---	2,240,000	2,046,200	1,325,000	539,000	---
2039	---	---	---	---	---	---	2,335,000	1,956,600	1,390,000	472,750	---
2040	---	---	---	---	---	---	2,425,000	1,863,200	1,460,000	403,250	---
2041	---	---	---	---	---	---	2,525,000	1,766,200	1,530,000	330,250	---
2042	---	---	---	---	---	---	2,630,000	1,660,200	1,610,000	253,750	---
2043	---	---	---	---	---	---	2,740,000	1,550,000	1,690,000	173,250	---
2044	---	---	---	---	---	---	2,855,000	1,435,400	1,775,000	88,750	---
2045	---	---	---	---	---	---	4,835,000	1,316,200	---	---	---
2046	---	---	---	---	---	---	5,035,000	1,117,800	---	---	---
2047	---	---	---	---	---	---	5,240,000	911,400	---	---	---
2048	---	---	---	---	---	---	5,455,000	696,800	---	---	---
2049	---	---	---	---	---	---	5,680,000	473,600	---	---	---
2050	---	---	---	---	---	---	5,910,000	241,400	---	---	---
2051	---	---	---	---	---	---	---	---	---	---	---
2052	---	---	---	---	---	---	---	---	---	---	---
2053	---	---	---	---	---	---	---	---	---	---	---
2054	---	---	---	---	---	---	---	---	---	---	---
2055	---	---	---	---	---	---	---	---	---	---	---
							\$76,840,000	\$58,760,889	\$25,900,000	\$16,926,488	

¹ The amounts shown are estimates of Entrance Fee Redemptions. Management has assumed that Series 2021B Bonds will be repaid when 50%* (with respect to the Series 2021B-2 Bonds) and 87.7%* (with respect to the Series 2021B-1 Bonds) occupancy is achieved. See “THE BONDS – Redemption Prior to Maturity - Entrance Fee Redemption of Series 2021B-1 Bonds and Series 2021B-2 Bonds” herein. (* Preliminary, subject to change).

THE BONDS

Specific information about the Bonds is contained below. Information about security for the Bonds is contained in “SECURITY FOR THE BONDS.”

General

The Bonds are dated as of the date of their initial delivery and mature as set forth on the inside cover of this Official Statement, subject to optional and mandatory redemption and purchase in lieu of redemption prior to maturity as described below. The Bonds are issuable only in registered form without coupons in denominations of \$5,000 and integral multiples thereof. The Record Dates for the Bonds will be (i) the fifteenth (15th) day (whether or not a Business Day) next preceding each interest payment date for such interest period, and (ii) the date established by the Bond Trustee pursuant to the Bond Indenture for the payment of defaulted interest on the Bonds.

The Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Bonds and payments of the principal or Redemption Price of and interest on the Bonds will be made as described below under “Book-Entry Only System.” If the book-entry system is discontinued, interest on the Bonds will be payable by check mailed by the Bond Trustee to the persons in whose names the Bonds are registered as of the Record Date for the payment of such interest at the address shown on the registration books maintained by the Registrar, and the principal, Purchase Price or Redemption Price of the Bonds will be payable only upon presentation and surrender of such Bonds at the designated office of the Bond Trustee.

Interest

The Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. Interest is payable on each March 1 and September 1, commencing on March 1, 2022, and upon earlier redemption.

Redemption

Optional Redemption of Series 2021A Bonds. The Series 2021A Bonds maturing on or after September 1, ____, are subject to redemption prior to maturity beginning on September 1, ____, upon the direction of the Corporation, in whole or in part at any time, at the redemption prices set forth below, together with accrued interest to the redemption date.

<u>Redemption Period (Dates Inclusive)</u>	<u>Redemption Prices</u>
September 1, __ to August 31, __	%
September 1, __ to August 31, __	%
September 1, __ to August 31, __	%
September 1, __ and thereafter	%

The Series 2021B-1 Bonds are not subject to optional redemption prior to maturity. The Series 2021B-2 Bonds are not subject to optional redemption prior to maturity.

Entrance Fee Redemption of Series 2021B-1 Bonds and Series 2021B-2 Bonds. Initial Entrance Fees associated with Westlake Tower are to be transferred from the Entrance Fee Fund to the Entrance Fee Redemption Account of the Bond Indenture on each March 15, June 15, September 15 and December 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 2021B-1 Bonds and the Series 2021B-2 Bonds are subject to redemption on each January 1, April 1, July 1 and October 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 2021B-1 Bonds and the Series 2021B-2 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 2021B-2 and second to redeem the Series 2021B-1 Bonds. Redemption of the Series 2021B-1 Bonds from funds on deposit in the Entrance Fee Redemption Account will not begin until the Series 2021B-2 Bonds have been paid in full.

The principal amount of Series 2021B-1 Bonds or Series 2021B-2 Bonds to be redeemed on an Entrance Fee Redemption Date will be equal to the largest Authorized Denomination of the Series 2021B-1 Bonds or Series 2021B-2 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 2021A Bonds. The Series 2021A Bonds maturing on September 1, _____ are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

Bonds Maturing September 1____*	
<u>Year</u>	<u>Sinking Fund Installment</u>
	\$
†	
† Final maturity.	

Extraordinary Redemption of Bonds. The Bonds may be redeemed in whole or in part at the option and written direction of the Corporation, at any time, at par plus accrued interest, from proceeds of insurance or condemnation awards resulting from damage or destruction or condemnation of the Facilities (as defined in the Master Indenture), or from prepayments under the Loan Agreement which permits prepayment thereunder, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by other governmental action, the Loan Agreement shall have become void or unenforceable or performance thereunder shall have become impossible in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Obligated Group or their property.

Purchase in Lieu of Redemption

The Bond Indenture provides that any Bonds subject to optional redemption and cancellation shall also be subject to optional call for purchase and resale by the Corporation (i.e., a so-called purchase in lieu of redemption) at the same times and at the same Redemption Prices as are applicable to the optional redemption of such Bonds as provided above. Any Bonds so purchased by the Corporation may, as directed by the Corporation, be cancelled or held Outstanding by the Corporation. Any references in this paragraph to Redemption Price shall be deemed to refer to the purchase price of such Bonds if such Bonds are being purchased by the Corporation in accordance with the Bond Indenture.

Selection of Bonds to Be Redeemed

In the event of any redemption of less than all Outstanding Bonds, any maturity or maturities and amounts within maturities of the Bonds to be redeemed shall be selected by the Bond Trustee at the direction of the Corporation. If less than all of the Bonds of the same maturity are to be redeemed upon any redemption of Bonds hereunder, DTC or any successor depository shall select the Bonds to be redeemed in accordance with its procedures or, if the book-entry system is discontinued, the Bond Trustee shall select the Bonds to be redeemed in such manner as may be directed by the Corporation or randomly if no direction is delivered. In making such selection, the Bond Trustee shall treat each Bond as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

Notice of Redemption

The Bond Trustee shall mail a notice of the redemption of any Bonds not less than 30 days nor more than 45 days prior to the date set for redemption to the holders of the Bonds or portions of Bonds to be redeemed, but failure to so mail any such notice or any defect in such mailing with respect to any Bond will not affect the validity of any proceedings for the redemption of any other Bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively.

Each such notice shall set forth the date fixed for redemption, official name of the issue, date of notice, date of issue, dated date, the Redemption Price to be paid, any conditions applicable to the redemption, and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP identification numbers, if any, and certificate numbers of such Bonds to be redeemed, the maturity date and interest rates of such Bonds to be redeemed, the name of the paying agent with address, telephone number, contact person and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Failure to give notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice of optional redemption may indicate that it is conditional or that it may be rescinded by the Corporation.

Sixty days after the redemption date, the Bond Trustee shall also mail a second copy of the notice of redemption to any Bondholder who has not presented his Bonds for payment on or before such date, by the same means as the first notice. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing, whether or not the Owner of such Bonds receives the notice.

SECURITY FOR THE BONDS

General

The principal of, premium, if any, and interest on the Bonds will be payable from moneys paid by the Corporation pursuant to the Loan Agreement and the Series 2021 Obligations. The Series 2021 Obligations are a joint and several general obligation of the Obligated Group. As holder of the Series 2021 Obligations, the Bond Trustee will have (a) right, title and interest in and to the Series 2021 Obligations, (b) rights under the Master Indenture as the owner of the Series 2021 Obligations, and (c) right, title and interest in and to the Loan Agreement, including the right to receive Series 2021 Obligations payments thereunder (except for certain reserved rights of the Issuer, including its rights to indemnification payments and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices), as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will further be secured by the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture.

Limited Obligations of the Issuer

The Bonds are limited obligation of the Issuer and do not constitute a debt, liability, or obligation of the State of Florida (the "State"), or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on the Bonds except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

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 Bonds. Pursuant to the Bond Indenture, the Issuer 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 Bonds are to be issued pursuant to the Bond Indenture and will be equally and ratably secured thereby. Pursuant to the Bond Indenture, the Issuer 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 2021 Obligations and under the Loan Agreement, except for the Issuer'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.

Security for the Series 2021 Obligations | Gross Revenues

Pursuant to the Master Indenture, the Obligated Group has granted to the Master Trustee a security interest in its Gross Revenues as security for the payment of amounts due on any Obligations issued under the Master Indenture, including the Series 2021 Obligations. Gross Revenues means all revenues, income, and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its operations including Entrance Fees, (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by the Master Indenture to be applied in a manner inconsistent with their use as Gross Revenues, (ii) Accounts, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property.

The lien on Gross Revenues securing the Bonds will be on a parity with the lien on Gross Revenues securing the Parity Obligations (as defined herein). See "Parity Obligations" below.

The security interest in the Gross Revenues will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing a financing statement under the Uniform Commercial Code. Continuation statements with respect to such filing must be filed as required by law to continue the perfection of such security interest. The security interest in the Gross Revenues is subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Gross Revenues attaches and is subject to the right of the Members of the Obligated Group to transfer Gross Revenues free of the security interest created in the Gross Revenues under certain circumstances as set forth in the Master Indenture.

If an Event of Default under the Master Indenture shall have occurred and be continuing, the Master Trustee may require 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. Each Member of the Obligated Group has covenanted in the Master Indenture that, if an Event of Default under the Master Indenture shall have occurred and be continuing, it will, immediately upon receipt of a written request from the Master Trustee, deliver to or direct to be delivered to the Master Trustee all Gross Revenues thereafter received until such Event of Default has been cured, such Gross Revenues to be applied in accordance with the Master Indenture.

The Mortgage

Pursuant to the Mortgage, as security for the payment of amounts due on all Obligations issued under the Master Indenture, including the Series 2021 Obligations, the Obligated Group has granted to the Master Trustee a lien on the Mortgaged Property. In connection with the execution and delivery of the original mortgage in 2002, which was amended and restated in its entirety by the Mortgage, there was delivered to the Master Trustee a

mortgagee title insurance policy which insured title to the Mortgaged Property in an amount equal to \$35 million. The policy was endorsed by the title insurance company on October 31, 2014 in connection with the recording of the amendment and restatement of the Mortgage. The \$35 million in mortgagee title insurance is the only title insurance policy held by the Master Trustee and it is currently valued at \$25,000,000. No additional mortgagee title insurance policy will be delivered in connection with the issuance of the Series 2021 Obligations and the Bonds. In addition, the Corporation has secured a boundary survey of the Mortgaged Property. See “RISK FACTORS – Title Insurance” herein.

There exist certain liens on the Mortgaged Property in connection with ongoing litigation related to a contractor on a project separate and apart from the 2021 Project. See “LITIGATION – The Corporation” herein.

Parity Obligations

The Series 2021 Obligations will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation’s payment obligations relating to the Series 2015 Bonds, (2) Obligation No. 4, which was issued to secure the Corporation’s payment obligations relating to the Series 2020 Bonds and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the “Parity Obligations”). Upon the issuance of the Bonds, Obligation No. 5 will constitute 37%* of the outstanding Obligations of the Corporation and Obligation No. 6 will constitute 20%* of the outstanding principal amount of the Obligations of the Corporation. See “ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS” herein.

Debt Service Reserve Fund

As additional security for the Series 2021A Bonds, the Debt Service Reserve Fund established pursuant to the Master Indenture will be funded from the proceeds of the Bonds. The Debt Service Reserve Fund is required to be funded in an amount equal to \$ _____.*. The Debt Service Reserve Fund secures the Obligation No. 4, and Obligation No. 5 (and therefore the Series 2021A Bonds and the Series 2020 Bonds), but, at the Corporation’s determination and upon compliance with the Master Indenture, could secure future Obligations under the Master Indenture. The Debt Service Reserve Fund does not secure the Series 2021B-1 Bonds or the Series 2021B-2 Bonds. The Series 2015 Bonds are secured under a separate debt service reserve fund that only secures the Series 2015 Bonds. See also “Master Indenture” and “Bond Indenture” in Appendix D.

Application of Westlake Tower Initial Entrance Fees

(a) The Master Trustee will establish and maintain a new separate fund to be known as the “Entrance Fee Fund – John Knox Village of Florida, Inc. Project” (the “Entrance Fee Fund”). All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds the benefit of all of the Obligations Outstanding under the Master Indenture (except as otherwise provided) and will 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 the Master Indenture.

(b) The Members of the Obligated Group have agreed and covenanted that Westlake Tower Initial Entrance Fees, after being released from the escrow thereof with the Chapter 651 Entrance Fee Escrow Agent, will be transferred as set forth in the Master Indenture and used first to redeem the Series 2021B-2 Bonds and then the Series 2021B-1 Bonds issued under the Bond Indenture. The Members of the Obligated Group have agreed to file a certificate with the Chapter 651 Entrance Fee Escrow Agent within three (3) business days from the date that Westlake Tower Initial Entrance Fee previously deposited therein is available by law to be released from the Entrance Fee Escrow Account, and will further direct (as set forth in such certificate) that such released Westlake Tower Initial Entrance Fees be transferred and submitted from the Chapter 651 Entrance Fee Escrow Agent directly to the Master Trustee.

* Preliminary, subject to change

Each such transfer shall also be accompanied by a copy of the related Entrance Fee deposit transmittal letter forwarded to the Chapter 651 Entrance Fee Escrow Agent (an “Entrance Fee Transmittal Letter”). Upon such release of the Westlake Tower Initial Entrance Fee from the Entrance Fee Escrow Account such monies shall be transferred to the Master Trustee by the Chapter 651 Entrance Fee Escrow Agent.

On each March 15, June 15, September 15 and December 15 (or, if such day is not a Business Day, while any portion of the Series 2021B-1 Bonds or the Series 2021B-2 Bonds remain Outstanding, then on the next succeeding Business Day) (each, an “Entrance Fee Transfer Date”) any amounts held in the Entrance Fee Fund shall be transferred to the Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of the Bond Indenture.

(c) Notwithstanding anything in the Master Indenture to the contrary, on each Entrance Fee Transfer Date the Master Trustee shall transfer Westlake Tower Initial Entrance Fees (as identified by the Obligated Group Representative in the certificate filed under subsection (b) above), to the Bond Trustee to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of 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. Amounts transferred to the Bond Trustee pursuant to the Master Indenture shall be free and clear of any lien of the Master Indenture upon such transfer.

(d) After all of the Related Bonds consisting of the Series 2020B-1 Bonds and the Series 2020B-2 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 shall no longer deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction in full 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 will be closed.

For purposes of calculating the expected weighted average life and redemption of the Series 2021B-2 Bonds and the Series 2021B-1 Bonds, Management has assumed redemptions utilizing Westlake Tower Initial Entrance Fee Units upon achieving occupancy of approximately 50%* (with respect to the Series 2021B-2 Bonds) and 87.7%* (with respect to the Series 2021B-1 Bonds). See also “FINANCIAL FEASIBILITY STUDY” in Appendix C hereto.

Covenants

The Members of the Obligated Group will be subject to covenants contained in the Master Indenture and the Loan Agreement relating to maintenance of a Long-Term Debt Service Coverage Ratio, a Days Cash on Hand requirement, and restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger, disposition of assets, addition of Members to the Obligated Group, and withdrawal of Members from the Obligated Group. See also “Master Indenture” in Appendix D hereto.

Long-Term Debt Service Coverage Ratio Covenant

Each Member of the Obligated Group has covenanted in the Master Indenture to set rates and collect charges for its Facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each December 31, based upon the Financial Statements, will not be less than 1.10; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account until the earlier of (i) the first full Fiscal Year next succeeding the Fiscal Year in which Stable Occupancy was achieved or (ii) the fifth full Fiscal Year following the issuance of such Indebtedness); in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence.

For more information regarding the Obligated Group's historical Long-Term Debt Service Coverage Ratio, see Appendix A hereto.

In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any annual period is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action. Further, during the period in which the Long-Term Debt Service Coverage Ratio is less than 1.10, the Obligated Group shall furnish to the Master Trustee, on a quarterly basis within 30 days following the end of each quarter, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such 12-month period then ended. In the event management of the Corporation prepares the required report and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period. In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so, the Master Trustee may, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Obligations select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above. The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body (as defined in the Master Indenture) of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Notwithstanding any other provisions of the Master Indenture, if the Members of the Obligated Group shall revise such fees, rentals, rates and other charges in conformity with the recommendations of the Management Consultant and otherwise follow the recommendations of the Management Consultant, then the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required as described above shall not be deemed to constitute an Event of Default under the Master Indenture; provided, however, that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.00 for a Fiscal Year may be declared to be an Event of Default but only if the amount of Days Cash on Hand of the Obligated Group as of the last day of such Fiscal Year is less than 150. However, if as of the next succeeding December 31, the Long-Term Debt Service Coverage Ratio is less than 1.00, regardless of the amount of Days Cash on Hand of the Obligated Group, an Event of Default may be declared by the Master Trustee.

Days Cash on Hand Covenant

The Obligated Group has covenanted that it shall maintain at least 100 Days Cash on Hand (the "Liquidity Covenant"). Compliance with the Liquidity Covenant shall be tested each December 31 based on audited financial statements. If the Liquidity Covenant is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calendar date explaining in detail the reasons for failing to meet the Days Cash on Hand and recommending corrective action. If the Liquidity Covenant is not met in the next annual period after the delivery of such report, a report of a Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be adopted. For more information regarding the Obligated Group's historical Days Cash on Hand see Appendix A hereto.

The failure to comply with the Liquidity Covenant will not constitute a Default or Event of Default under the Master Indenture, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in the Master Indenture in preparing and implementing a report and plan for correcting such a failure; provided that failure to provide a Consultant's report as described above or to implement its recommendations shall constitute an Event of Default under the Master Indenture. However, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the

Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Occupancy Covenant

Under the terms of the Master Indenture, commencing with the first fiscal quarter that ends not less than 60 days following the date of issuance of the first certificate of occupancy which is not a temporary certificate of occupancy for the first building containing Entrance Fee Units (as defined in the Supplemental Master Indenture) in Westlake Tower, and ending at the beginning of 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 Entrance Fee Units in Westlake Tower (the “Percentage of Units Occupied”) at or above the requirements set forth in the table below, which levels are required to be measured as of the last day of the applicable Occupancy Quarter (the “Occupancy Requirements”).

Occupancy Requirements

Occupancy Quarter	Number of Units	Percent (%)
1	15	10.2%
2	30	20.5
3	45	30.8
4	60	41.4
5	75	51.4
6	90	61.6
7	105	71.9
8	120	82.2
9 and thereafter	124	84.9

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 will 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 Entrance Fee Units in 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 Entrance Fee Units in 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 three consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters shall retain a Consultant to make recommendations for future marketing activities in order to achieve the Occupancy Requirement. 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 on EMMA. The Corporation is not required to obtain a Consultant’s report in any two consecutive fiscal quarters.

Failure of the Corporation to achieve the Occupancy Requirements for any Occupancy Quarter will not constitute an Event of Default under the Master Indenture.

Limitations on Incurrence of Indebtedness

In the Master Indenture, each Member of the Obligated Group covenants and agrees that it will not incur any Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to the provisions of the Master Indenture. Such additional Indebtedness will not be secured by the money or investments held by the Bond Trustee under the Bond Indenture as security for the Bonds. See “The Master Indenture” 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 (i) extends the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond, (ii) prefers or gives a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority or (iii) reduces the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding 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 any Bond over any other Bond and no such amendment described in clauses (i) through (iii) shall result in a disproportionate change, reduction or modification with respect to any Bond.

If an Event of Default under the Master Indenture occurs, there may be a supplement to the Master Indenture which would (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and 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, (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding. The Master Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, a supplement of the type described in clauses (i) through (iii) 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 of 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 supplement described in (i) through (iii) above shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

See “RISK FACTORS – Certain Amendments to Bond Indenture and Master Indenture.”

Investor Calls

Upon any downgrade by a Rating Agency of the Corporation’s rating on the Related Bonds to a rating of below BBB-, the Obligated Group shall use its best efforts to make available one or more representatives for an investor call with the holders of Related Bonds and the Master Trustee during any period during which the rating is below BBB-. The investor call shall be held to discuss the financial results of the preceding fiscal year and such other matters as are relevant or are reasonably requested by the holders of Related Bonds and the Master Trustee. The Obligated Group shall post notice of such calls on the EMMA web-site at least two weeks prior to the scheduled date of each call and shall provide such notice to the Master Trustee.

Assignment of Contract and Agreements

In order to secure the payment of the principal of, premium, if any, and interest on the Series 2021 Obligations and other Obligations issued under the Master Indenture, the Corporation will execute and deliver an Assignment of Contracts and Agreements dated as of December 1, 2021 (the “Assignment of Contract Documents”) in favor of the Master Trustee whereby the Corporation will assign its interests in certain design and contract documents relating to the 2021 Project.

RISK FACTORS

General Risk Factors

The Bonds are special and limited obligations of the Issuer, 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 Bonds involves various risks as described in this Official Statement. Each prospective investor should carefully examine this Official Statement and his or her own financial condition in order to make a judgment as to whether the Bonds are an appropriate investment. **A BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE BONDS" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.**

As described herein under the caption "SECURITY FOR THE BONDS," except to the extent that the principal of, premium, if any, and interest on the 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 2021 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 Corporation and future Members of the Obligated Group, if any) sufficient to ensure the payment of the principal of and interest on the Bonds and the Parity Obligations in the amounts and at the times required to pay debt service on the Bonds and the Parity Obligations when due. Neither the Underwriter nor the Issuer 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. 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 Bonds.

Limited Obligations

The Bonds are limited obligation of the Issuer and do not constitute a debt, liability, or obligation of the State, or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on the Bonds except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds have three principal sources of payment, as follows:

(1) ***Loan payments received by the Bond Trustee from the Corporation pursuant to the terms of the Loan Agreement and the Obligated Group pursuant to the Series 2021 Obligations.*** The Issuer has no obligation to pay the Bonds except from loan payments derived from the Loan Agreement and from the Obligated Group pursuant to the Series 2021 Obligations. The Bonds, together with interest and premium, if any, thereon, will be limited obligations of the Issuer as described in this Official Statement. Under the Loan Agreement, which the Issuer 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 Bonds. Such loan payments are, however, anticipated to be derived solely from operation of the facilities of the Obligated Group and investment earnings. Profitable operation of the facilities of the Obligated Group depend in large part on achieving and maintaining certain occupancy levels at the Community throughout the term of the Bonds. However, no assurance can be made that the revenues derived from the operation of the Community will be realized by the Obligated Group in the amounts necessary, after payment of operating expenses of the facilities of the Obligated Group, to pay maturing principal of, premium, if any, and interest on the Bonds and the Parity Obligations.

(2) ***Revenues received from operation of the facilities of the Obligated Group 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 Bonds and the Parity Obligations 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 the Community in a profitable manner.

(3) ***Proceeds realized from the sale or lease of the facilities of the Obligated Group 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 the Community any other facilities of the Obligated Group upon foreclosure due to the special-purpose nature of a continuing care retirement facility and the proceeds of such sale may not be sufficient to fully pay the owners of the Bonds and the Parity Obligations.

The best prospects for uninterrupted payment of principal and interest on the 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, Obligation No. 4 and the Parity 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 representative 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 current novel coronavirus ("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. 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 the Community 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.

Currently, approximately 95% of Residents and 100% of employees at the Community have been fully vaccinated against COVID-19. Currently, vaccination is a mandatory for employees. The Corporation took an aggressive stance upon the arrival of COVID-19 in March 2020. Dining services and use of non-essential outside contractors were suspended. Outside visitors to the Greenhouse Homes and Gardens West Assisted Living was suspended and strict quarantine protocols were adhered to. The Greenhouse Homes by design were naturally isolated and the same essential workers continued to work with their elders.

The Corporation coordinated with all the appropriate governmental agencies and as result received the 1st vaccinations in the State of Florida which limited the infections of the most vulnerable by December 2020 with the

second dose in January of 2021. By April 2021, clinics vaccinating the general population of the Independent Living Residents were conducted achieving a 95% vaccination rate of the Independent Living residents.

Currently, dining has been reestablished with 50% occupancy, masks are still required at the Community when 6-foot social distancing cannot be maintained. As of November 11, 2021, the Corporation has no COVID-19 cases. The first round of COVID-19 booster clinics has been conducted with an 85% participation rate among Independent Living Residents and nearly 100% participation of eligible residents in Greenhouse Homes and Gardens West Assisted Living Units.

The Corporation has followed the science and recommendation of all State and Federal agencies and has slowly opened back activities and services upon reaching low to no infection rates. The Corporation is prepared to restrict exposure if infection rates return and adheres to the philosophy that the best measure to keep Residents safe (our number one priority) is through maintaining high vaccination rates and good hygiene practice.

In general, if an outbreak of an infectious disease such as COVID-19, the Zika virus or the Ebola virus occurs or reoccurs nationally or in the Corporation's service area, its business and financial results would likely be adversely affected. The spread of a highly contagious disease into one of the Obligated Group's facilities may result in a temporary shutdown, diversion of residents, and/or other losses and liabilities. In addition, unaffected individuals may decide to defer or reconsider decisions to enter the Community. The Corporation, as a retirement community, may be particularly susceptible to risk of outbreak due to the relatively close proximity of residents and staff to one another. The Corporation cannot predict all costs associated with any infectious disease outbreak affecting the Community. See Appendix A hereto under the section "FINANCIAL INFORMATION" for additional information about the impact of COVID-19 to the Community.

Impact of Market Turmoil

Economic and market turmoil has had, and may in the future have, negative repercussions upon the United States and global economies, including a scarcity of credit, lack of consumer or investor confidence, volatility in the financial markets, fluctuations in interest rates, reduced economic activity, increased business failures and increased consumer and business bankruptcies. Uncertain market conditions have affected investment earnings and the value of the Obligated Group's investments and those of residents and prospective residents, as well as future investment earnings. Further, sales of residential real estate are typically negatively impacted. As a result, prospective residents of the Community may encounter difficulty in liquidating investments and selling homes in order to raise necessary cash to pay their Entrance Fees and monthly service fees. When investor confidence has waned, investments previously recognized as stable, such as tax-exempt money market funds (which are one of the largest purchasers of tax-exempt bonds), have at times experienced significant withdrawals. Such circumstances could adversely affect the market and demand for the Bonds.

Construction Risks and the Construction Contract

Construction of the 2021 Project 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. Such events could result in delayed substantial completion of the 2021 Project.

Management of the Corporation believes that all required building permits for the 2021 Project will be obtained in due course. In addition, the substantial completion and occupancy of the 2021 Project 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 or escalation of certain project costs above certain thresholds could also result in the Corporation not having sufficient money to complete construction of the 2021 Project with the proceeds of the Bonds thereby requiring the Corporation to borrow additional monies or use its own funds to complete the construction of the 2021 Project.

The agreement with the construction manager provides for liquidated damages if the 2021 Project 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. If the Obligated Group makes claims under the liquidated damages provisions of the construction contract, 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.

The agreement with the construction manager also provides that if the price of materials, shipping or trucking increases by more than (3%) compounded per annum, from the date of execution of the agreement (through no fault of the construction manager and with the construction manager taking commercially reasonable efforts to lock down and buy out subcontracts and material prices, including early acquisition of materials), then the Corporation will pay for such cost increases. There is no ceiling as to the amount payable by the Corporation should an escalation in such prices occur. The Corporation will be depositing \$2,200,000* in bond proceeds into the Construction Fund held by the Bond Trustee as a reserve for any such escalation, but there can be no assurances that the Corporation will not need to borrow additional monies or use its own funds to complete the construction of the 2021 Project.

The general contractor is not required to furnish or cause to be furnished payment and performance bonds in the full amount of its construction contract for the 2021 Project. With respect to subcontractors, in lieu of payment and performance bonds, the Construction Manager has obtained subcontractor default insurance ("SDI") from Indian Harbor Insurance Company, an affiliate of AXA XL, to insure performance and completion of the obligations of its subcontractors at the Construction Manager level. While the Corporation believes that the SDI policy, in lieu of payment and performance bonds, adequately protects the 2021 Project against subcontractor defaults, the named insured on the SDI Policy is the Construction Manager and neither the Corporation, the Master Trustee nor the Issuer are named insureds under the SDI policy. Accordingly, any payments made under the SDI policy with respect to default by subcontractors will run solely to the Construction Manager and are not available for the payment of principal and interest on the Bonds. While there is a secondary interest endorsement to the SDI policy that provides certain limited rights to the Corporation and the Master Trustee in the event of the Construction Manager's insolvency, there can be no assurances that payments from any claims made under the endorsement will be available or sufficient for the payment of principal or interest on the Bonds. For additional information about the SDI policy and the secondary interest endorsement, see Appendix A under the subheading "– The 2021 Project – Construction Contract."

It is anticipated that the proceeds from the sale of the Bonds together with anticipated investment earnings thereon will be sufficient to complete the construction and equipping of the 2021 Project. 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 2021 Project. If the proceeds of the Bonds, together with anticipated investment earnings, were not sufficient to complete the 2021 Project, the Corporation would have to complete the 2021 Project with financing obtained from other sources that may not be available. The successful construction of the 2021 Project is dependent on the efforts of the construction manager as well as the owner's representative acting on behalf of the Corporation with respect to the 2021 Project.

Furthermore, the construction of the 2021 Project 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 2021 Project for an extended period of time, supply chain issues related to COVID-19 may delay delivery of construction material, 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.

No Title Insurance

The Obligated Group has not secured additional title insurance in connection with the issuance of the Bonds and has only a limited amount of mortgagee title insurance with respect to the Mortgaged Property as described under the caption "SECURITY FOR THE BONDS – Security for the Series 2021 Obligations." Currently, the title insurance is in the amount of \$25,000,000, which is less than the outstanding principal amounts of the Series 2015 Bonds, Series 2020 Bonds and what will be outstanding of the Bonds. 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 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 any recovery under a title insurance policy. Any proceeds received under such title insurance policy may not be sufficient to cure any title defect or to compensate for any loss of title.

There exist certain liens on the Mortgaged Property in connection with ongoing litigation related to a contractor on a project separate and apart from the 2021 Project. See “LITIGATION – The Corporation” herein.

Risks Related to Tax Legislation

Proposals for various amendments to the Code have been considered in connection with federal tax reform legislation and proposals. No assurance can be given that amendments to the Code or other federal legislation will not be introduced or enacted which would cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or adversely affect the market price of the Bonds or otherwise prevent the holders of the Bonds from realizing the full current benefit of the federal tax status of the interest thereon. Federal legislation has previously been introduced which, if enacted into law, would limit the exclusion from gross income of interest on obligations like the Bonds.

The most recently-enacted comprehensive tax reform bill (the “Tax Cuts and Jobs Act”) was signed by President Trump on December 22, 2017 and took effect on January 1, 2018. The Tax Cuts and Jobs Act lowered corporate and individual tax rates, while eliminating certain tax preferences and other tax expenditures. Limitations on deductions, together with other provisions of the Tax Cuts and Jobs Act, have impacted and could in the future impact the personal finances of residents and prospective residents of the Community. Such provisions, or any future adjustments to the Tax Cuts and Jobs Act, or other tax law changes, could also materially affect prospective purchasers of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

The Tax Cut and Jobs Act also precludes the issuance of tax-exempt private activity bonds to refinance, via advance refunding, debt previously issued. These provisions, along with other provisions in the Tax Cut and Jobs Act affecting the Obligated Group, may materially impact the future cost and/or availability of borrowed funds for Obligated Group, particularly for capital expenditures. The Tax Cuts and Jobs Act, any future adjustments to the Tax Cuts and Jobs Act or any future tax reform or economic stimulus measures relating to tax laws could materially impact the operations, financial position and cash flows of the Obligated Group. It is not possible to predict whether or when additional tax legislation will be enacted, nor is it possible to predict the content of any such enacted legislation. Additionally, such tax legislation as may be enacted or pending from time to time may materially impact the market price or marketability of the Bonds in the secondary market.

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 December 31, 2021 through 2026, and consequently does not cover the whole period during which the Bonds may be outstanding. See the Financial Feasibility Study included herein as Appendix C, which should be read in its entirety. See also “RISK FACTORS – Financial Feasibility Study” herein.

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 AND THE DISCLAIMERS, NOTES AND ASSUMPTIONS IN APPENDIX C.

Redemption of Series 2021B-1 Bonds and Series 2021B-2 Bonds from Entrance Fees

Management’s financial forecast contained in the Financial Feasibility Study included in Appendix C hereto anticipates that the Series 2021B-1 Bonds and the Series 2021B-2 Bonds will be subject to mandatory redemption from funds held in the Entrance Fee Redemption Account established under the Bond Indenture consisting of the Initial Entrance Fee Units associated with Westlake Tower upon achieving occupancy of approximately 50%* (with respect to the Series 2021B-2 Bonds) and 87.7%* (with respect to the Series 2021B-1 Bonds). 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 2021B-1 and Series 2021B-2 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 the Community. These factors include regulatory imposed fiscal policies, adverse use of adjacent or neighboring real estate, the ability to maintain the Community, continued community acceptance of the Community, changes in demand for the Community, changes in the number of competing facilities, changes in the costs of operation of the Community, 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 Obligated Group’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 Obligated Group 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 the Community.

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 the Community. 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.

* Preliminary, subject to change.

Uncertainty of Occupancy and Entrance and Service Fee Collection

As noted elsewhere, except to the extent that the Bonds will be payable from the proceeds of insurance, sale or condemnation awards, the Bonds will be payable solely from payments or prepayments to be made by the Corporation under the Loan Agreement and the Obligated Group under the Series 2021 Obligations. The ability of the Corporation to make payments under the Loan Agreement and the ability of the Obligated Group, including any future Members of the Obligated Group, to make payments on the Series 2021 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 such Obligations, as well as other operating and capital expenses.

The financial feasibility of the Obligated Group and payment, when due, of the Bonds and the Parity Obligations, is dependent on the continuing ability of the Obligated Group to maintain high levels of occupancy of the Community and to (i) fill those facilities that accept 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 the Facilities substantially occupied by residents who can pay the full amount of the Entrance Fees and/or Monthly Service Fees (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 continuing care contracts with the Corporation (each a "Residency Agreement") in accordance with the terms of the Residency 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. If the Community fails to maintain a high level of occupancy, there may be insufficient funds to pay debt service on the Bonds and the Parity Obligations. In addition, the economic feasibility of the Community also depends on the Obligated Group's ability to remarket units becoming available when residents decease, withdraw, or are permanently transferred to a health care facility or any other facility.

Moreover, if a substantial number of independent living unit residents live beyond their anticipated life expectancies or if admissions or transfers to the health care components of the Community 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 the Community 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 the Community.

As described in Appendix A hereto, the Obligated Group has historically made regular adjustments to both Entrance Fees and Monthly Service Fees to offset increasing operating costs due primarily 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 the Community. 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 the Community. 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 the Community 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 generally accepted accounting principles in the United States of America (“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 Mortgage

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 the Community, 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 the Community, 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.

The Community is generally suitable only for residential use and are designed for senior adults and are not composed of general purpose buildings; therefore, the Community would not be likely suitable for industrial or commercial use and consequently, it would be difficult to find a buyer or lessee for the Community, and, upon any default, the Master Trustee may not realize the amount of the outstanding Bonds from the sale or lease of the Facilities in the event of foreclosure. See also “FLORIDA REGULATION OF CONTINUING CARE FACILITIES” for a discussion of the rights of residents in the event of foreclosure.

Any valuation of the Community is based on future projections of income, expenses, capitalization rates, and the availability of the partial or total property tax exemption. The Corporation has not secured an appraisal in connection with the issuance of the Bonds and makes no representation as to the current or future value of the Mortgaged Property. Additionally, the value of the Community 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 the Community. Any weakened market condition may also depress the value of the Community. Any reduction in the market value of the Community could adversely affect the security available to the owner of the Community. There is no assurance that the amount available upon foreclosure of the Community after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Obligated Group on the Series 2021 Obligations and other outstanding Parity Obligations. No appraisal of the Mortgaged Property has been conducted in connection with the issuance of the Bonds.

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 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% 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.

There exist certain liens on the Mortgaged Property in connection with ongoing litigation related to a contractor on a project separate and apart from the 2021 Project. See "LITIGATION – The Corporation" herein.

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

The Bond Trustee and the Issuer 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 Bonds in accordance with their terms. The owners of the Bonds are dependent upon the success of the Community 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 Bonds. The Corporation has not made any representations to owners of the Bonds regarding the current market value of the Community and has not secured an appraisal in connection with the issuance of the Bonds. In the event of a default, the value of the Community may be less than the amount of the outstanding Bonds, since the Community 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 the Community 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 the Community. Although it may seek donations from groups and individuals, the Corporation currently has no sources of funds if revenues from operation of the Community are not sufficient to cover expenses, including debt service on the Bonds, the Series 2021 Obligations and its other indebtedness.

Utilization Demand

Several factors could, if implemented, affect demand for services provided at the Community 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 the Community; and (iv) increased or more effective competition from retirement communities and long-term care facilities now or hereafter located in the service areas of the Community.

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 the Facilities. The payment of such refunds could adversely affect the Obligated Group's ability to make payments required by the Loan Agreement, the Bonds, the Series 2021 Obligations and the Parity Obligations. For more information regarding Entrance Fees, see 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 the Community. 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 Bonds, the Series 2021 Obligations and the Parity Obligations.

Financial Assistance and Obligation to Residents

The Obligated Group only intends to enter into Residency 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 the Community 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 the Community 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, the Series 2021 Obligations and the Parity 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 the Community 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 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 the Community.

Risks of Real Estate Investment

Ownership and operation of real estate, such as the Community, 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 the Community, increased competition from other senior living facilities, changes in the cost of operation of the Community, 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 the Community to residents, deterioration of the physical aspects of the Community, 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. The Corporation has not secured a physical needs report for the Community in connection with the issuance of the Bonds. Such losses also include the possibility of fire or other casualty or condemnation. If the Community, or any parts of the Community, 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 Bonds and the Series 2021 Obligations and Parity Obligations. 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 the Community difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by the Community as well as the market price received for the Community in the event of a sale or foreclosure of the Community. Many other factors may adversely affect the operation of the Community 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 nursing beds (but not assisted living or independent living) 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 the Community owned and operated by the Obligated Group.

Competition

The Community is located in areas where other continuing care retirement facilities and other competitive facilities exist and may be developed in the future. The Community 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 the Community. The Obligated Group will also 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 the Office of Insurance Regulation of the State. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted.

Rights of Residents

The Corporation enters into Residency Agreements with its residents. For more information about the Residency Agreements, see Appendix A hereto. Although the Residency Agreements give to each resident a contractual right to use space and not any ownership rights in the Community, in the event that the Bond Trustee or the holders of the 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 Issuer or the holders of the Bonds and a resident of the Community who has fully complied with all the terms and conditions of his or her Residency Agreement.

Regulation of Residency 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 Corporation has received final certificates of authority for the Community. 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 the Community. 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 residency agreements, like the Residency 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 the Community 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 is currently experiencing a shortage of qualified nursing and other health care personnel due to COVID-19 related disruptions. 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 the Community 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 greater than anticipated increases in salaries paid to nurses, other health care personnel and various other categories/types of employees 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 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 such insurance will be adequate to rebuild all or a portion of the Community. 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 relies 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. Recently, the Corporation was party to a cyber-security issue in which one of their vendor email systems was breached. As a result of this breach, the Corporation received an email request to change vendor information and to remit payment on an open invoice to a new bank account. The Corporation processed this request and submitted payment and wired money to a fraudulent vendor's bank account without verifying the updated information with the vendor. The issue was later discovered by management and it was determined the error was due to a lack of established vendor management change policies. The Obligated Group has since installed and presently maintains 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.

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 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 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 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 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. Continuing care retirement communities 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 the Series 2021 Obligations and the Parity Obligations. Any such Additional Indebtedness would be entitled to share ratably with the holders of the Series 2021 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 Long-Term 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. 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 the Series 2021 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 Bonds, the Series 2021 Obligations will constitute approximately 57%* of the Obligated Group's Outstanding principal amount of Obligations. See "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 the Series 2021 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 consolidated 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 the Series 2021 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

* Preliminary, subject to change

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 the Series 2021 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 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

If an Event of Default under the Bond Indenture occurs, there may be an amendment made to the Bond Indenture that (i) extends the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond, (ii) prefers or gives a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority or (iii) reduces the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding 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 any Bond over any other Bond and no such amendment described in clauses (i) through (iii) shall result in a disproportionate change, reduction or modification with respect to any Bond.

These provisions are intended to make it easier for the Obligated Group to restructure its indebtedness, including the Bonds and the Series 2021 Obligations, 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 Bonds could only be made under a plan of reorganization approved by a Bankruptcy Court. The consent of the holders of 100% of the 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 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 Bonds such purchaser holds, or other matters described 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 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 “The Master Indenture” 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 has not secured a Phase I Environmental Assessment for the 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.

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 the Community, 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 the Community under the Master Indenture, the Master Trustee would need to take into account the potential liability of any owner of the Community, 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, (which among other things, prohibits discrimination in housing) and the Americans with Disabilities Act of 1990, 42 U.S.C.A. §12101 et seq., as amended (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). 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 federal laws that affect the rights of residents, including the Federal Nursing Home Reform Act 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 the Community 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 any of the facilities of the Obligated Group were in violation of these laws could have a material adverse effect on finances of the Obligated Group.

At this time, all the SNF beds are certified for Medicare and Medicaid. See also “Sources of Resident Service Revenue” in Appendix A hereto.

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. Medicare currently reimburses providers of nursing care for the lower of customary charges or allowable costs. Payments are made directly to the Obligated Group for residents qualifying for Medicare on the basis of per diem rates based on resident acuity as well as each facility’s allowable costs for the cost reporting period that began in fiscal year 1995, updated by a factor based on the skilled nursing facility market basket percentage (except in the case of certain facilities in states having a Prospective Payment System demonstration project), but without adjustment for case mix or wage levels.

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 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 adjusted 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 Groups 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-kickback 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 skilled nursing facilities participate in joint ventures with entities that may be in a position to make referrals or to which skilled nursing facilities 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 payment in certain circumstances, which could adversely affect the Obligated Group's cash flow.

Florida Medicaid. Medicaid in the State (“Florida Medicaid”) is managed by the Florida Agency for Health Care Administration (“AHCA”) under a state plan approved by CMS. AHCA is responsible for policies, procedures, and programs to promote access to quality acute and long-term medical, behavioral, therapeutic, and transportation services for Medicaid beneficiaries. AHCA is also responsible for the rules and federal compliance for waiver programs housed within other state agencies.

Florida Medicaid served approximately 4.2 million individuals as of December 2018. Total federal and state Medicaid spending for Florida during fiscal year 2018 amounted to approximately \$23.05 billion. In 2011, the Florida Legislature created Part IV of Chapter 409, Florida Statutes, directing AHCA to create the Statewide Medicaid Managed Care (“SMMC”) program. The SMMC program is comprised of two parts: (i) the Managed Medical Assistance (“MMA”) program and (ii) the Long-Term Care (“LTC”) program.

The MMA program is comprised of several types of managed care plans for health care providers, in particular, hospitals and physicians, that include the following: HMOs, Provider Service Networks (“PSNs”) and Children’s Medical Services Network. Most Florida Medicaid recipients must enroll in the MMA program. Choice counselors are available to assist recipients in selecting a plan that best meets their needs in one of eleven identified regions, each composed of one or more counties. Further, under the MMA program there are specific Florida Medicaid covered services including, but not limited to the following: assistive care services; nursing care; optical services and supplies; prescription drugs; and transportation to access covered services.

The LTC program is comprised of two types of health plans: HMOs and PSNs. LTC plans must offer contracts to certain providers within their regions including: nursing facilities, hospices and aging network services providers in their region. Individuals are required to be enrolled in the LTC program if they are one of the following: 65 years of age or older and need nursing facility level of care; 18 years of age or older and are eligible for Medicaid by reason of disability and need nursing facility level of care; or are individuals enrolled in various other qualified health care programs or waivers. The LTC program minimum network providers include but are not limited to the following: adult day care centers, nursing homes and assisted living facilities. The LTC program is fully implemented at this time in all eleven AHCA regions. Rates to be paid to the long-term care providers are negotiated between the providers and the long-term care plans.

There is no assurance that the Florida Medicaid program will continue servicing and operating at the current levels or in the future. Payments made to health care providers under the Florida Medicaid program are subject to changes as a result of federal or State legislative and administrative actions, including further changes in the methods of calculating payments, the amount of payments that will be made for covered services and the types of services that will be covered under the program. Such changes have occurred in the past and may continue to occur in the future, particularly in response to federal and state budgetary constraints coupled with increased costs for covered services. Significant changes have been and may be made in the Florida Medicaid program which would have a material adverse impact on the financial condition of the Corporation. Federal and state health care law and regulation changes have affected health care providers significantly. The purpose of much of the statutory and regulatory activity has been to contain the rate of increase in health care costs, particularly costs paid under the Florida Medicaid program.

Presently, the Corporation accepts Medicaid for the community’s skilled nursing residents.

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 the Community, 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 exempt organization would affect the funds available to the Obligated Group for payments to be made under the Loan Agreement and the Series 2021 Obligations. Failure of the Obligated Group or the Issuer 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 with Bond proceeds, could cause interest on the Bonds to be included in the gross income of holders of Bonds or former holders of 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% 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% of the amount of the excess benefit, subject to a maximum penalty of \$10,000. A “second tier” penalty excise tax of 200% 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 Bonds may be subject to audit, from time to time, by the IRS. The Obligated Group believes that the 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 Bonds, as described under the heading “TAX MATTERS.” No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the IRS, 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 Bonds will not adversely affect the tax-exempt status of the 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 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 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 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 Bonds to some extent for certain individual taxpayers, or eliminated the federal income tax exemption for interest on new obligations like the 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 Bonds. Prospective purchasers of the 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 Bonds from federal gross income depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under the caption "TAX MATTERS" herein assumes the compliance by the Obligated Group 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 Bonds in the event of noncompliance with such provisions. The failure of the Obligated Group to comply with the provisions of the Code and the regulations thereunder may cause the interest on the 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 Bonds to ensure that the yield on investments acquired with proceeds of the Bonds are properly restricted and whether the Obligated Group 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 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 Residency Agreements come within the scope of the continuing care facility safe harbor or within the statute itself. Provided the Residency 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 the Series 2021 Obligations, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the 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

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 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price.

Credit Ratings

There is no assurance that the credit ratings assigned to any series of the Bonds at the time of issuance or at a subsequent time will not be lowered or withdrawn, the effect of which could adversely affect the market price and the market for the Bonds of such series. The Rating Agency may revise the criteria under which it rates the Bonds at any time, which revisions could result in significant changes to or withdrawal of the credit rating assigned to any series of the Bonds. In addition, in determining the initial credit rating for the Bonds, and in conducting its annual rating surveillance, the Rating Agency may use assumptions regarding occupancy, revenues, expenses and values related to the Community that differ materially from those used by the Corporation. Such differences could result in a lowering or withdrawal of the ratings on the Bonds. In addition, there is no requirement or covenant that the Corporation maintain the current rating or any rating for the Bonds.

Risk of Early Redemption

Purchasers of the 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 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 Bonds are prepaid as a result of a casualty or condemnation award affecting the Community or there is a default under the Mortgage. Under such circumstances, a purchaser of the 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 Bonds.

Risk of Loss Upon Redemption

The rights of Beneficial Owners to receive interest on the 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 Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the 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 Bonds should consult his or her own tax advisor regarding the taxable status of the 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 the Community 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;
12. The actuarial assumptions regarding life expectancy and inflation used by the Corporation to calculate Entrance Fees and Monthly Service Fees prove inaccurate. See "RISK FACTORS – Uncertainty of Occupancy and Entrance and Service Fee Collection" herein for an additional discussion of certain other risks related to the collection and sufficiency of Entrance Fees and Monthly Service Fees;
13. The occurrence of natural disasters, including hurricanes, volcanic eruptions and typhoons, floods or earthquakes, or failures of storm water detention devices during such naturally occurring events, which may damage the facilities of the Obligated Group, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities; or
14. 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 the Florida Office of Insurance Regulation ("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 impacted the regulation of continuing care retirement communities (“CCRCs”) in Florida, including the Community. On September 30, 2019, a Notice of Rule Development by the OIR was issued for the purpose of updating certain applicable provisions of the Florida Administrative Code found under Chapter 690-193. See “Required Reserves” below

Certificate of Authority

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. 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. A debt service reserve fund 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 and Northern Trust, respectively, each as their current 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 requirements of this section 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 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 Minimum Liquid Reserve Accounts are not held by the Bond Trustee or Master Trustee and are not pledged as security for the holders of the 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 Residency Agreements for the Community 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) above, 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.

Florida Licensure

The health care components of the Community 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 OIR. Under Florida Statutes, the administrator of the health facilities is required to be and is licensed as a nursing home administrator.

FINANCIAL REPORTING AND CONTINUING DISCLOSURE

Financial Reporting

In the Master Indenture, the Obligated Group covenants that it will:

- (a) Within 30 days after receipt of the audit report mentioned below but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee, a copy of the Financial Statements of the Obligated Group as of the end of such Fiscal Year accompanied by the opinion of an Accountant.
- (b) Within 30 days after receipt of the audit report mentioned above but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee, an Officer's Certificate and a report of an Accountant stating the Long-Term Debt Service Coverage Ratio and the Days Cash on Hand for such Fiscal Year and (in the case of the Officer's Certificate) stating whether, to the best of the knowledge of the signer of such Officer's Certificate, any Member of the Obligated Group is not in compliance with any covenant contained in the Master Indenture and, if so, specifying each such failure to comply of which the signer may have knowledge and the steps that are being taken by the Obligated Group to cure such non-compliance.
- (c) Within (i) 45 days after the close of the first three fiscal quarters and (ii) 60 days, in the case of the final fiscal quarter of each Fiscal Year, file with the Master Trustee, quarterly unaudited consolidated statements of the Obligated Group's operations including a balance sheet, (showing consolidated financial results for each member of the Obligated Group), statement of operations, statement of changes in net assets, and statement of cash flows for the most recent quarter ended in year-to-date for the current fiscal year, and comparing budgeted to actual operations, including consolidating statement showing the financial results for each Member of the Obligated Group.
- (d) Within 30 days prior to the start of each Fiscal Year, the Obligated Group representative shall file or cause to be filed with the Master Trustee the annual budget for each Member of the Obligated Group. Material amendments thereto shall be filed within 45 days after the approval of the Governing Body.
- (e) Within 45 days of the end of each fiscal quarter (60 days, in the case of the final fiscal quarter of each Fiscal Year), the Obligated Group Representative shall file or cause to be filed with the Master Trustee occupancy reports indicating the actual occupancy of the Community as a percentage of capacity.
- (f) Promptly upon the occurrence of any material event as to which notice is required to be reported pursuant to Securities and Exchange Commission Rule 15c2-12 to nationally recognized municipal securities information repositories shall be filed therewith and with the Master Trustee.
- (g) Within 45 days of the end of each fiscal quarter, the Obligated Group Representative shall certify compliance by all Members of the Obligated Group with the covenants, agreements and obligations under the Master Indenture.
- (h) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs, including those of any Member of the Obligated Group, as the Master Trustee may from time to time reasonably request, excluding, specifically, donor records, patient records, personnel records and records subject to attorney-client privilege and (ii) provide access to the Facilities, Gross Revenues, Facility Property and Equipment, and the Mortgaged Property for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(i) Unless required to be delivered at an earlier time, within 30 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of the Master Indenture requires to be prepared by a Management Consultant or an Insurance Consultant.

(j) Within 30 days after the beginning of each Fiscal Year, file with the Master Trustee an Opinion of Counsel which shall state whether there are required to be filed in any office within the period of 12 full consecutive calendar months following the date of such Opinion of Counsel financing statements, including continuation statements, in order to continue the perfection of the security interests granted hereunder. In giving this Opinion of Counsel, counsel may rely on an Officer's Certificate of an Obligated Group Representative stating whether any transaction contemplated under this Article has occurred within the period of 12 full consecutive calendar months preceding the date of such Officer's Certificate or is expected to occur within the period of 12 full consecutive calendar months following the date of such Officer's Certificate.

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 E hereto. The Corporation has previously entered into an agreement with respect to the Series 2015 Bond and the Series 2020 Bonds to provide continuing disclosure.

The Corporation has previously entered into agreements with respect to the Series 2015 Bonds and the Series 2020 Bonds to provide continuing disclosure pursuant to the Rule. A review of filings made pursuant to such prior undertakings indicates that certain past information filings were filed after their respective deadlines and certain financial and operating data was unintentionally omitted from certain filings, including that the Corporation was 30 days and 25 days late, respectively, in filing its audited financial statements for the Fiscal Years ended 2019 and 2020, respectively, with respect to the Series 2015 Bonds, and notice of such late filings was not timely provided. In addition, certain of the Corporation's quarterly reports prior to the report filed for the third quarter of 2021 omitted a comparison of budgeted to actual operations (the most recent such comparison is included in the Corporation's quarterly filing for the third quarter of 2021). Lastly, the Corporation filed notices of rating changes affecting the Series 2015 Bonds and the Series 2020 Bonds; however, such notices were not timely. The Obligated Group has made a remedial filing with respect to certain of the omitted financial and operating information. The Corporation fully anticipates satisfying all future disclosure obligations required pursuant to such undertakings and, concurrently with the issuance of the Bonds, will appoint Digital Assurance Certification, LLC ("DAC") to act as its disclosure-dissemination agent to assist the Corporation in its disclosure obligations.

LITIGATION

Issuer

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

Corporation

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 is currently in litigation with its contractor, SeaCoast Construction, Inc. ("SeaCoast"), over the Aquatics Center project completed in 2021 (the "Aquatics Center"). The Corporation terminated SeaCoast on December 9, 2020 and completed the Aquatics Center under its own management. The dispute involves financial close-out issues. SeaCoast filed suit on May 7, 2021 in the Circuit Court of the 17th Judicial Circuit, Broward

County, Case No. CACE-21-009272 (Division 05). SeaCoast is seeking to foreclose a construction lien for alleged unpaid amounts totaling \$515,739.24, plus claiming an additional \$188,786.82 in delay damages and \$134,663.83 in change order work. The total value of the claims, which the Corporation vigorously contests, is \$839,189.69. The Corporation has a claim against SeaCoast for overpayment in the amount of \$13,294.85 and a back-charge claim for work repaired and completed by the Corporation in the amount of \$71,638.09. The prevailing party in litigation will be entitled to reimbursement of reasonable attorney's fees and taxable costs.

The SeaCoast lien of \$515,739.24, subsumes the lien claims filed by certain subcontractors and sub-subcontractors on the Aquatics Center project, specifically to include:

- Johnson-Davis, Inc.
- Hardrives of Delray, Inc
- Capital Carpet & Tile, Inc.

The parties are, in good-faith, attempting to resolve all disputed issues. The litigation has been informally abated while the parties engage in mediation. A mediation workshop session has been scheduled for November 30, 2021, with a formal mediation session set for December 7, 2021. Management is confident as to the likelihood of resolution, in part due to two prior claims being resolved with SeaCoast through a similar mediation protocol. Should mediation fail, the Corporation will file its response to the lawsuit, including a counterclaim for damages, and aggressively defend its position. The Aquatics Center project has been closed out and is fully operational.

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 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.

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 2021 Project or to operate its facilities or to carry out its obligations under the Master Indenture, the Loan Agreement or the Mortgage or (ii) would have a material adverse impact on the financial position or results of operations of the Corporation.

LEGAL MATTERS

Bryant Miller Olive P.A., Tampa, Florida, has served as bond counsel with respect to the issuance of the Bonds. Bond counsel will render an opinion with respect to the Bonds in substantially the form attached as Appendix F. The opinion of bond counsel should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed. Delivery of the Bonds is contingent upon the delivery of the opinion of bond counsel.

Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of 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

General. The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the Closing Date, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Issuer has covenanted in the Indenture, the Corporation has covenanted in the Loan Agreement to comply with such requirements in order to maintain the exclusion from federal gross income for federal income tax purposes of the interest on the Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Bonds in “modified adjusted gross income” by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Issuer in the Indenture, the Corporation in the Loan Agreement, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Bonds and of the property financed thereby) and on the opinions being delivered by counsel to the Corporation in connection with the delivery of the Bonds with respect to the Corporation being an organization described in Section 501(c)(3) of the Code, without undertaking to verify the same by independent investigation.

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

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

Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to “backup withholding” at the rate specified in the Code with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Tax Treatment of Bond Premium. The difference between the principal amount of the Bonds (the “Premium Bonds”), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

FINANCIAL FEASIBILITY STUDY

Management’s financial forecast for the six years ending December 31, 2026, included as part of the Financial Feasibility Study dated November 19, 2021 included in Appendix C hereto, has been examined by CliftonLarsonAllen 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. See “RISK FACTORS – Financial Feasibility Study” herein.

FINANCIAL STATEMENTS

The audited financial statements of the Corporation and its affiliates and subsidiaries as of and for the fiscal year dated December 31, 2020, included in this Official Statement in Appendix B hereto, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. Audited financial statements of the Corporation for prior fiscal years are available on EMMA.

RATING

Fitch Ratings, Inc. (“Fitch”) has assigned the Bonds a long-term rating of “BBB” with a stable outlook. An explanation of the significance of any rating may be obtained only from Fitch at the following address: Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating reflects only the view of Fitch at the time the rating was given. The rating is not a recommendation to buy, sell or hold the Bonds and should be evaluated independently. There is no assurance that such rating will not

be withdrawn or revised downward by Fitch. Any such action may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Hamlin Capital Advisors LLC (“HCA”) is acting as financial advisor to the Corporation with respect to the Bonds. HCA has not prepared any portion of the Official Statement and is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement. HCA is a financial advisory firm and is not engaged in the business of underwriting, creating or distributing securities.

UNDERWRITING

The Bonds are being purchased by Herbert J. Sims & Co., Inc., as Underwriter, for a purchase price of \$_____ (representing the principal amount of the Bonds minus an underwriter’s discount of \$_____ plus original issue premium of \$_____ pursuant to a Bond Purchase Agreement, entered into by and between the Issuer and the Underwriter as approved by the Obligated Group (the “Bond Purchase Agreement”). The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The obligations of the Underwriter to accept delivery of the 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 Bonds if any 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 Issuer, 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 Issuer (directly, as collateral securing other obligations or otherwise) and persons and entities with relationships with the Issuer. 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 Financing 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 Bonds, but neither the failure to print such numbers on any 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 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 “THE ISSUER,” and “LITIGATION – The Issuer,” the Issuer makes no representations with respect to nor warrants the accuracy of such

information. The Corporation has agreed to indemnify the Issuer 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.

JOHN KNOX VILLAGE OF FLORIDA, INC.

By: _____
Name: Gerald Stryker
Title: President and Chief Executive Officer

APPENDIX A

INFORMATION CONCERNING THE OBLIGATED GROUP

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THE OBLIGATED GROUP

Background and History

John Knox Village of Florida, Inc. (the “Corporation”) is a not-for-profit corporation incorporated and existing under the laws of the State of Florida (the “State”). The Internal Revenue Service (“IRS”) issued a determination letter in March 1981 and confirmed by letter dated July 24, 1987 to the Corporation that it is a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), exempt from Federal income taxation under Section 501(a) of the Code, and is not a private foundation within the meaning of Section 509(a) of the Code. The determination letter remains in full force and effect. The Corporation is the sole member of the Obligated Group.

The Corporation owns and operates a continuing care retirement community (“CCRC”) located on approximately 65 acres in the City of Pompano Beach, Broward County, Florida (the “City”) that presently includes (i) 644 independent living units (the “Independent Living Units”) with various common areas, (ii) 62 assisted living one bedroom units and two suites (the “Assisted Living Units”) and associated common areas, and (iii) 194-bed skilled nursing suites (the “Skilled Nursing Beds” or the “Health Centers” and collectively with the Independent Living Units and the Assisted Living Units, the “Community”). The Community has grown from a small retirement community consisting of a three-story building and 24 triplexes surrounding a lake to become the second largest CCRC in the State and one of the largest single-site CCRCs in the country. The Community enjoys excellent visibility and access from I-95, a major, heavily-travelled interstate.

The Corporation offers a variety of programs geared toward the delivery of residential and health care services for the elderly (the “Residents”) and derives its revenues primarily from (i) the non-refundable portion of each entrance fee paid when a Resident moves into an Independent Living Unit (the “Entrance Fee”), (ii) monthly service fees paid by such Residents (the “Monthly Service Fees”) and (iii) per diem fees for skilled nursing care in the Skilled Nursing Beds. See “THE COMMUNITY – Residency Agreements” herein.

The Corporation, John Knox Home Health Agency, Inc. (the “Home Health Agency”) and The John Knox Village of Florida Foundation, Inc. (the “Foundation” and, together with the Corporation and the Home Health Agency, the “JKV Companies”) employed approximately 826 employees with annual salary and benefits in excess of \$25 million as of December 31, 2020. The JKV Companies are one of the five largest employers in Pompano Beach. The Corporation recognizes that as a service provider, the human resource is one of the most critical components of its obligation to perform. As such, keeping track of wage inflation is a critical process. The Corporation has hired an outside consulting group to conduct periodic wage surveys so that our pay is competitive in our labor market. In addition, the Corporation has budgeted a \$300,000 wage contingency annually for the past several years and uses this money to react to unforeseen changes that happen periodically in the labor market. The Corporation continually upgrades units before new Residents move in and makes ongoing improvements to the campus. Over the last three years, the Corporation spent approximately \$63,354,761 million on capital improvements from operating cash flow, a portion of which will be reimbursed with a portion of the proceeds of the Bonds.

Mission and Vision Statement

The mission statement of the Corporation is as follows: “John Knox Village is dedicated to providing an environment of whole-person wellness in which the people we serve thrive. John Knox Village is committed to supporting our employees, partners and the greater community.”

The vision statement of the Corporation is as follows: “John Knox Village will be an innovator, creating engaging lifestyles that encourage personal growth, autonomy and independence, healthy aging and a sense of purpose.”

Resident Senate

A key component of the Corporation’s success has been the interaction and relationship between management and the Residents. A group of more than 70 Residents volunteer through the Resident Senate.

The Resident Senate's purpose is to:

1. Promote the well-being of the Residents;
2. Provide communication between the Board, management and the Residents;
3. Disseminate information of general concern to all Residents; and
4. Work with management toward the successful operation of the Corporation.

The Resident Senate Executive Committee as well as members of the 12 standing Senate committees meet with management on a regular basis to focus on such things as Resident activities, wellness, dining services and long-range planning. In addition, the Resident Senate Fiscal Committee meets with management on a monthly basis to review the most recent financial statements. Through this organization, management and Residents have forged strong relationships and are able to collaborate on current and future needs of the Corporation.

Non-Obligated Group Members. The Home Health Agency and the Foundation are consolidated with the Corporation for financial reporting purposes but are not members of the Obligated Group and are not liable for the obligations of the Obligated Group under the Master Indenture. The Obligated Group accounted for approximately 90% of the total core service revenues of the JKV Companies for fiscal year ended December 31, 2020.

John Knox Home Health Agency, Inc. The Home Health Agency was established in 1987 and is a wholly-owned subsidiary of the Corporation. The Home Health Agency has a standard license to operate in Broward County, Florida ("Broward County"). The agency provides registered nurses, licensed practical nurses, certified nurse's aides, home health aides, shopping and escorts (for trips to physicians and outings and shopping services) to clients. Services provided include nursing care, injections, wound care, medication administration, arranging medical tests and other treatments, labs, equipment, escorts to physicians and outings, light housekeeping companions, assistance with activities of daily living and shopping services. Medicare home health services are provided through contracts with Medicare Certified Home Health Agencies. All licensed home health agencies in the State are subject to annual surveys by the Agency for Health Care Administration ("AHCA") to determine proper compliance with state regulations. For agencies that are deficiency free, this survey is performed on a tri-annual basis. The Home Health Agency has been deficiency-free in AHCA surveys for the last 18 years and is surveyed by AHCA on a tri-annual basis. The Home Health Agency had over 244,337 hours for the year ended December 31, 2020. In Fiscal Year 2022, management of the Home Health Agency intends to expand the services it offers to persons who are not Residents of the Community.

The John Knox Village of Florida Foundation, Inc. The Foundation was incorporated in 2003 and was determined by the Internal Revenue Service to be a 501(c)(3) exempt organization in 2006. The Foundation operates exclusively for the benefit of the Corporation. The Foundation maintains three permanently restricted funds: (i) the Benevolent Endowment Fund, (ii) the Chapel Endowment Fund and (iii) the Ernest & Maude Cason Endowment Fund. The Foundation also maintains many temporarily restricted funds for various uses of the Corporation and an unrestricted fund. As of August 31, 2021, and December 31, 2020, the Foundation held total assets of approximately \$14,006,850 and \$15,246,000, respectively.

Corporate Structure and Governance

Board of Directors. The Corporation is governed by a board of directors which shall consist of no fewer than three and no more than fifteen directors and which is currently composed of fifteen directors (each a "Board Director" and collectively, the "Board"). The Corporation's Board of Directors exercises the corporate powers, controls the property and conducts the affairs of the Corporation. The Board has three Resident members that are appointed by the Board Nominating Committee based on recommendations by the Residents of the Community and are elected to three-year terms. The balance of the Board is made up from a wide variety of business, medical, legal and senior living housing professionals with experiences offering a diverse talented group from both local and abroad residency. Members of the Board are identified by the current members of the Board, nominated by the Board Nominating Committee and elected by the Board. The Board members are elected to three-year terms and can be re-elected for an additional three-year term upon the completion of their first term. This term limit restriction was not effective until 2011. Prior to election to the Board, potential Board members participate on the Advisory Council as a means to learn about the Corporation.

The current members of the Board of Directors are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Board Term</u>
Paul Simpson, Chairman	President, Business Aspirations Inc.	2012 – 2021
H. Murray Todd, MD, Vice-Chair	Retired – Neurologist	2010 – 2021
Jack Crissy, Treasurer	Partner, William Web & Associates	2014 – 2021
William B. O’Leary, Jr, Secretary	Banking	2018 – 2021
Kelley Babcock	Leadership & Business Consultant	2021
Sal Barbera	Professor, Florida Atlantic University	2015 – 2021
Diane Barton	Retired Resident – Social Worker	2021
Dr. Michelle Clark	Doctor of Philosophy or Medical Sciences	2021
Tom McKay	US Government, Real Estate	2018 – 2021
Jan Spalding	Retired Resident	2019 – 2021
Jonathan Osborne	Attorney, Gunster Law Firm	2021 - 2024
Terry Colli	Resident	2021 - 2024

Management of Related Organizations

The members of the Board of Directors of the Home Health Agency are the same as the members of the Board of Directors of the Corporation. The Board of Directors of the Corporation appoints the members of the Board of Directors of the Foundation.

Board Committees

The Board of Directors has both permanent and discretionary committees to handle assigned responsibilities, including the following:

Executive Committee. Members of the Executive Committee consist of the Chair, Vice-Chair, Treasurer, Secretary and such other Board members as may be appointed.

Finance and Audit Committee. The Chair of the Board appoints members of the Finance and Audit Committee, one of whom must be the Treasurer who usually serves as the chair of this committee. In the capacity as Finance Committee, this committee reviews the monthly unaudited and annual audited financial statements. The Finance Committee is responsible for annual operating and capital budgets and for approving all expenditures more than \$100,000 unless specifically approved in the operating or capital budgets. This committee is responsible for selecting and engaging the accounting firm that will perform the annual audits, completing certain filings with state and federal authorities, and approving the annual audit. This committee also has responsibility for overseeing the investments of the Corporation.

Employee Retirement Benefit Committee. The Employee Retirement Benefit Committee is a subcommittee of the Finance and Audit Committee and is composed of at least one Board member and other advisors as appointed by the Chair of the Board. The Employee Retirement Benefit Committee is responsible for monitoring the appropriateness of the various funds that comprise the portfolio of investment options available in the employee 401(k) and 403b retirement plans.

Health Care Committee. The Health Care Committee oversees the quality of services provided throughout the Corporation’s health care delivery system, including the Wellness Nursing program, as well as the assisted living and skilled nursing programs.

Building and Grounds Committee. The Building and Grounds Committee provides oversight of the Corporation’s physical campus. This includes approval of all construction projects, both new construction and renovation of existing buildings.

Marketing Committee. The Marketing Committee provides oversight and strategy related to the marketing of the Community.

Life Enrichment Committee. The Life Enrichment Committee coordinates activities and programs designed and intended to augment the social well-being and overall wellness of the Residents. The Life Enrichment Committee maintains a Life Enrichment Center at The Woodlands on the campus of the Corporation.

Conflict of Interest Policy

From time to time, the Corporation conducts business transactions with organizations or corporations with which one or more member of the Board may be affiliated. The Corporation has a conflict of interest policy which requires that any such duality of interest or possible conflict of interest on the part of any Board Director be disclosed and be made a matter of record. In addition to disclosure, the policy requires that additional specified steps be taken, as appropriate, in order that the conflict does not impact objective deliberation or a vote.

Executive Management

The Community is managed by the executive staff of the Corporation, the key members of which are as follows:

President. *Gerald Stryker, age 58.* Mr. Stryker is the CEO and President of the Community. He assumed the position in June of 2015 after serving as Chief Operating Officer for 2-1/2 years. Mr. Stryker has an extensive background in the health care industry, including more than 15 years as Vice President/Chief Administrative Officer at St. John's Health Care Corporation in Rochester, NY ("St. John's"). During his time as Chief Operating Officer and now as CEO, Mr. Stryker has been involved in many aspects of the daily operations of the Community and well as the details leading to the May 2016 grand opening of The Woodlands, Florida's first Life Plan Community to embrace the Green House® model of elder care, after having enjoyed success with implementing a Green House Home at St. John's. Mr. Stryker earned his Master's of Health Services Administration degree from George Washington University, as well as his Bachelor's of Science degree, majoring in Health Services and Business Administration, from Ithaca College, NY.

Chief Operating Officer. *Bill Pickhardt, age 54.* Mr. Pickhardt joined the Corporation in 2015. His role oversees the operations of the campus including health care, human resources, dining services, transportation, security, housekeeping, and environmental services as well as other day to day functions. He is also instrumental in new projects/development and plays a vital role in strategic planning. He has been in Senior Living & Health Care since 1990 and just prior to joining John Knox Village, he served as senior vice president at Asbury Retirement Communities in Maryland with a dual role as the president of their home and community-based company. Prior to his time at Asbury, he spent 20 years with Life Care Services in a variety of roles with the last being Vice President/Director of Operations Management overseeing multiple locations and multiple entities. He earned a bachelor's in human resource management and Master of Business Administration from Palm Beach Atlantic University.

Chief Financial Officer. *Bruce W. Chittenden, CPA, age 63,* Mr. Chittenden joined the Corporation in December of 2017 as Chief Financial Officer. His focus is on transforming the Community in its efforts to modernize and continuing its successful financial performance. He has worked in the senior living field for 20 years in the role of CFO. Having previously worked for the Accounting firm of KPMG and having served in the United States Army attaining the rank of Major, he brings a wide range of financial knowledge and a strong leadership background to the Community.

Mr. Chittenden holds a Bachelor of Science degree from Texas A&M University and a Bachelor of Business Administration (Accounting) from The University of Texas at San Antonio. He earned his CPA license in 1999 and is currently licensed in Texas.

Chief Marketing and Innovation Officer. *Monica McAfee, age 60.* Ms. McAfee is Chief Marketing and Innovation Officer at the Community. Since her arrival nearly three years ago, Ms. McAfee has led the repositioning of the Community, identifying opportunities to upgrade and combine units to create an ideal unit mix. She facilitated

the opening of The Woodlands, the only such skilled nursing entity in Florida to utilize the Green House® model of elder care. She has also coordinated the rebranding and messaging throughout the Community to reflect its new tagline: Where Possibility Plays! Her goals are to create partnerships with the greater community and initiatives that can be shared with prospective residents, promote the active, independent lifestyle residents enjoy, provide award-winning short and long-term rehab care and showcase lifelong learning programs, such as the “Train Your Brain” initiative. With her emphasis on lifestyle, life enrichment, fitness, spiritual and meaningful life, the Community has been awarded Pinnacle and Beacon Awards for excellence in programming and wellness from the International Council on Active Aging. Ms. McAfee earned her Bachelor of Arts Degree in Communications from Radford University, in Radford, VA and has earned her Certificate in Entrepreneurship.

Employees

As of August 31, 2021, the Corporation has a total of 826 employees (500 full-time, 82 part-time and 244 per-diem). Historically, the Corporation has maintained an industry-attractive employee turnover rate below 20%, and approximately 35% of its employees have been employed by the Corporation for five years or longer. Management maintains a very strong relationship with the Corporation’s employees, and there is no affiliation with organized labor.

The Corporation has a culturally diverse workforce with some entry-level positions and many positions requiring educated, licensed and credentialed professionals. The Corporation requires proof of a Covid-19 vaccination and as a drug free work place, a drug screenings for pre-employment qualification, for work-related injuries (to show cause of injury), and on a quarterly, random basis as a quality assurance measure. The Corporation performs a background check on each job applicant consisting of a Level 2 finger print screening, review against the Terrorism Watch List, verification that the applicant has not been precluded from participation in the Medicare or Medicaid programs, a Motor Vehicle Report (if licensed to operate a motor vehicle) and a credit report for certain positions. All local, county, state and federal licensing and certifications are verified through these agencies during the pre-screening and hiring process.

The Corporation provides a comprehensive employee benefits program, including the following elements: paid time off (vacation, sick, holiday); bereavement leave; life, health, vision and dental insurance; employee assistance program; legal aid; employer defined contribution pension plan; 401(k) plan; scholarship program; and an employee hardship relief fund.

Volunteers

Volunteerism by the Community’s Residents is prevalent with over 52% of the Residents participating in volunteer opportunities at the Community. Marketing Ambassadors assist with marketing and public relations efforts by preparing brochures, serving as models in publications and acting as hosts for potential Residents. Resident Auxiliary Service (“RAS”) volunteers operate a thrift shop at the Community where items that have been donated by Residents and families are offered for sale. RAS generates revenue of approximately \$90,000 per year, which is used for projects to improve Resident experience. From the “rose buddies” who clip flowers from the rose garden for Residents in the Health Centers to the information desk volunteers, to the scholarship committee that has awarded over 100 scholarships to employees of the Corporation, there are numerous examples of the Community’s Residents who participate and give back to their community.

Memberships and Licenses

The Health Centers are Medicare certified for 194 skilled nursing beds and currently bear a three-star rating under The Centers for Medicare and Medicaid Services Five-Star Quality Rating System. The Corporation is a member of Leading Age, a national advocacy group for continuing care retirement communities, as well as Florida Leading Age, the state-wide advocacy group for continuing care retirement communities. The Corporation is also a member of the International Council of Active Aging, the Venetian Arts Society, Nova Southeastern University Lifelong Learning Program, the Fort Lauderdale Chamber of Commerce and the Greater Pompano Beach Chamber of Commerce.

Property Taxes

The Community's Assisted Living Units and the Skilled Nursing Beds are exempt from the payment of real property taxes. The Independent Living Units are not exempt from the payment of real property taxes, but a Resident of an Independent Living Unit receives a homestead exemption so long as the unit is occupied.

Phase I Environmental Report

A Phase I Environmental Site Assessment (the "Environmental Site Assessment") dated September 18, 2020 was performed by GFA International, Inc. (the "Environmental Consultant"). A copy of the Environmental Site Assessment is available upon request of the Underwriter during the period of the offering of the Bonds. The Environmental Site Assessment was conducted consistent with standard industry procedures included in ASTM Practice E 1527-013. The purpose of the assessment was to identify recognized environmental conditions at the Community. The Environmental Consultant reviewed various public databases, performed field observations, reviewed historical research and conducted certain interviews. The Environmental Site Assessment, while identifying historical recognized environmental conditions related to three 3,000-gallon underground storage tanks, concluded that there are no current vapor encroachment conditions or recognized environmental conditions at the Community. See "RISK FACTORS – Environmental Matters" in the front part of this Official Statement. The Corporation has not obtained a Phase I environmental report in connection with the issuance of the Bonds.

Insurance

The Corporation maintains a comprehensive insurance and risk management program designed to minimize potential harm and liability losses by using appropriate risk management techniques, addressing known risks and reflecting prudent levels of retained risk. The Corporate Compliance Officer, a Licensed Health Care Risk Manager, oversees the Corporate Compliance Program and reports directly to the Board of Directors.

General and Professional Liability. General and professional liability is provided through a fully funded program with an "A" rated insurance company. The current policy provides coverage of \$500,000 per claim and \$1,000,000 in the aggregate. All general and professional liability claims are accrued as a liability based on management's experience and attorney recommendations. Any claims settled or adjudicated above the policy limits would be funded with general revenues of the Community.

Property Insurance. Property insurance is provided through a fully-insured program through AmRisc. The underlying insurance companies comprising the insurance pool carry a minimum rating of "A8," as rated by AM Best. Total property coverage, including wind, is \$100,00,000 based on scheduled property limits by building of approximately \$124,000,000 for building coverage, \$4,000,000 for contents coverage and \$5,000,000 in blanket business income and extra expense. The deductible for a named storm is 3% per building subject to \$100,000 minimum. The deductible for all other wind is \$50,000 and for all other perils is \$10,000. This property insurance policy covers boiler and machinery as well.

Workers' Compensation. Workers' compensation coverage is provided through a retrospectively rated policy administered by an "A" rated insurance provider. The Corporation's workers' compensation program identifies risks through quarterly inspections by the insurance company and through review of incidents and claims to identify target areas for improvement. A light duty program is utilized to minimize employee time away from work.

Directors and Officers. Directors and Officers liability insurance is provided by an "A" rated insurance provider. The policy includes a liability coverage aggregate limit and fiduciary liability coverage in the amount of \$5 million each with defense costs outside the aggregate limit at \$1 million and no deductible. Employment practices liability coverage and third-party liability coverage is also included at \$5 million each with a \$50,000 deductible for each claim.

COVID-19

Currently, approximately 95% of Residents and 100% of employees at the Community have been fully vaccinated against COVID-19. Currently, vaccination is mandatory for employees. As a result of this mandate, the Corporation lost 62 employees (which did not materially impact the Corporation's ability to conduct its operations). The Corporation took an aggressive stance upon the arrival of COVID-19 in March 2020. Dining services and use of non-essential outside contractors were suspended. Outside visitors to the Greenhouse Homes and Gardens West Assisted Living was suspended and strict quarantine protocols were adhered to. The Greenhouse Homes by design were naturally isolated and the same essential workers continued to work with their elders.

The Corporation coordinated with all the appropriate governmental agencies and as result received the 1st vaccinations in the State of Florida which limited the infections of the most vulnerable by December 2020 with the second dose in January of 2021. By April 2021, clinics vaccinating the general population of the Independent Living Residents were conducted achieving a 95% vaccination rate of the Independent Living residents.

Currently, dining has been reestablished with 50% occupancy, masks are still required at the Community when 6-foot social distancing cannot be maintained. As of November 11, 2021, the Corporation has no COVID-19 cases. The first round of COVID-19 booster clinics has been conducted with an 85% participation rate among Independent Living Residents and nearly 100% participation of eligible residents in Greenhouse Homes and Gardens West Assisted Living Units.

The Corporation has followed the science and recommendation of all State and Federal agencies and has slowly opened back activities and services upon reaching low to no infection rates. The Corporation is prepared to restrict exposure if infection rates return and adheres to the philosophy that the best measure to keep Residents safe (our number one priority) is through maintaining high vaccination rates and good hygiene practice.

THE COMMUNITY

History of the Corporation and Community

Independent Living Units. The Corporation was incorporated on February 6, 1978. The Community has been self-managed since its opening. Since its inception, the Community has grown to become the second largest CCRC in the State of Florida and one of the largest single-site CCRCs in the country, consisting of (i) 644 Independent Living Units, (ii) 62 assisted living one bedroom units and two suites (iii) 194-bed skilled nursing beds furnished in the Green House® model of elder care. The Green House® Model is a small home concept centered on patient living and staff interaction.

In 1972, the Corporation commenced construction of the East Lake building ("East Lake"), a three-story building with 35 Independent Living Units and situated at the east end of Lake Maggie, offering lake and fountain views. The Corporation completed construction in 1973 and the first Residents moved into the Independent Living Units within the year after. This 40,362 square foot building has been continuously updated, including apartment combinations, and remains desirable due to the lake views.

In 1973, the Corporation commenced construction of Cassels Tower, a 17-story, 242,365 square foot building with 160 Independent Living Units ("Cassels Tower"). Construction was completed in 1974 and the first Residents began moving in as soon as construction was complete. Cassels Tower is the hub of the Community and includes administrative offices located on its first floor along with an independent branch bank office and beauty salon. A breezeway connects Cassels Tower to the Patio Dining Room. These Independent Living Units range in size from 1,490 square feet to smaller units at 623 square feet.

In 1980, the Corporation commenced construction of Village Tower, a ten-story, 234,900 square foot building with 184 Independent Living Units ("Village Tower"). Construction was completed in 1981 and the first Residents moved into the Independent Living Units in shortly after the completion of construction. Originally this building had ten studios and 73 one-bedroom apartments. The Corporation no longer sells studio units and has

converted many of these units, through combinations with adjacent units, into more desirable two-bedroom units. These Independent Living Units range from 713 to 1,950 square feet.

In 2004, the Corporation commenced construction of Heritage Tower, a ten-story, 214,632 square foot building with 119 units (“Heritage Tower”). Construction was completed in 2005 and the first Residents moved in that same year. These units feature taller ceiling lines, open floor plans and large picture windows. These Independent Living Units range from 803 to 1,950 square feet.

In 1972, the Corporation commenced construction of the first of what would eventually become 204 Garden Villas (the “Garden Villas”). These triplexes, constructed in phases, with the Lakeside Villas (72 units) constructed between 1968 and 1972, North East Villas (33 units), finished in 1976, and South Gardens Villas (99 units), completed in 1980. Eighteen of the original North East Villas have been taken out of inventory in 2020, reducing the total available units to 186. These Garden Villas are all built in a “triplex” model consisting of two 2-bedroom and one 1-bedroom single story homes. The Garden Villas range from 988 to 1,688 square feet.

Assisted Living Units. In 1990, the Corporation commenced construction of Gardens West, a three-story, 42,383 square foot, assisted living facility with 62 private rooms and two suites (“Gardens West”).

Health Centers. In 1973, the Corporation commenced construction of the original skilled nursing facility. This facility served the Community well until 2019, when the building was demolished and became the future site of the Pavilion. The Health Centers shifted to a Green House® model of elder care. The Woodlands, completed in 2016, is a seven-story, 124,633 square foot building features 144 private suites, of which 48 are available to short-term rehabilitation and 96 are available to long-term care (“The Woodlands”).

In 1980, the Corporation commenced construction of a larger, second, two-story, 43,253 square foot skilled nursing facility. This building was emptied with the opening of The Woodlands, and completely deconstructed in 2018. The building was reconstructed into the Green House® model of elder care (“Seaside Cove”). Seaside Cove was opened in the fall of 2018 and contains 40 single bed units designed in three small Green House® homes and a ten-unit hospice facility.

Location

The Community is located on approximately 65 acres in Pompano Beach, Florida, in Broward County, and is approximately 3.5 miles from the Atlantic Ocean and eight miles north of downtown Fort Lauderdale, Florida. The Community has one lake (with another lake to be built as part of the Pavilion Project), extensive walkways and walking paths, numerous fountains and tropical landscaping. There are several conveniences important to seniors located near the Community, including pharmacies, grocery stores, gas stations, banks, and fast food and sit-down restaurants. There are several medical clinics located near the Community, including family practice and specialty services. Additionally, North Broward Medical Center and Holy Cross Hospital are located within five miles of the Community.

Description of the Community

The Community reflects a “Life Care” concept, which recognizes that the needs of elderly Residents vary along a continuum from independent living to increasing health care needs. The various living and care options offered at the Community address the physical, social, psychological, and emotional needs of its Residents. The Community provides levels of care which reflect the varying levels of intensity of care needed to meet the changing needs of the Residents. All applications for residency are considered equally without regard to an individual’s marital status, race, sex, creed, or national origin. The Community has been designed to meet all applicable building codes as well as The Fair Housing Act of 1988 and The Americans with Disabilities Act. As of August 31, 2021, the unit mix at the Community was as follows:

<u>Unit Type</u>	<u>Number of Units</u>
Independent Living Units	
East Lake	33
Cassels Tower	144
Village Tower	170
Heritage Tower	119
Garden Villas	<u>178</u>
Total Independent Living	<u>644</u>
Assisted Living Units (Gardens West)	64
Skilled Nursing Beds	
The Woodlands	144
Seaside Cove	<u>50</u>
Total Skilled Nursing	<u>194</u>
Total	<u>902</u>

Independent Living Units

The Independent Living Units are housed within four apartment buildings (466 units) and Garden Villas (178 units). Residents of Independent Living Units pay an Entrance Fee upon admission into the Community, 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. Additionally, if more than one Resident occupies an Independent Living Unit, an additional Entrance Fee is required. In addition to the Entrance Fee, each Resident pays a Monthly Service Fee, based upon the unit size and amenities. An additional Monthly Service Fee is payable for a second Resident occupying an Independent Living Unit. The Independent Living Units are located in the Cassels Tower, Village Tower, Eastlake and Heritage Tower buildings and the Garden Villas.

Each Independent Living Unit is furnished with window treatments, wall-to-wall carpeting or hardwood flooring, except for tile in the kitchen and bath, a complete kitchen with refrigerator, range with oven, microwave oven, and dishwasher, a stacked washer/dryer combination, fire and smoke alarms, fire sprinkler system, individually controlled heating and air conditioning and a balcony or patio. All utilities are included within the Monthly Service Fee, including water, sewer, cable television, electricity, and heating and air conditioning. All the apartment buildings have common areas including a lobby, a party room, a billiard table, a piano, a library and a mail room. All four apartment buildings and the three villa neighborhoods are interconnected by wide, well-lit pathways. Beautiful foliage, including trees, together with signage, make walking around the campus a pleasant experience.

The table on the follow page summarizes the floor plan, type, number, approximate square footage and current Entrance Fees and Monthly Service Fees for the Independent Living Units at the Community:

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<u>Floor Plan</u>	<u>Type</u>	<u>Number of Units</u>	<u>Approx. Square Footage</u>	<u>Entrance Fee¹</u>	<u>Monthly Service Fee²</u>
<i>Cassels Tower and East Lake</i>					
Standard	1BR+1 bath	36	868	\$200,000	\$2,776
Standard	1BR+1.5 bath	11	868	208,300	2,776
Executive	1BR+1.5bath	19	1,013	236,700	2,887
Executive	1BR+2bath	15	1,013	236,700	2,887
Model A	2BR+2bath	36	1,258	299,600	3,125
Model B	2BR+2bath	35	1,143	282,100	3,007
Model D	2BR+2bath	12	1,491	330,600	3,248
Model E	2BR+2bath	1	1,736	410,000	3,732
Standard	2BR+2.5bath	9	1,491	336,400	3,248
Studio	1BR+1 bath	<u>3</u>	623	127,246	2,553
		<u>177</u>			
<i>Village Towers</i>					
Standard	1BR+1 bath	16	713	\$166,500	\$2,776
Deluxe	1BR+1 bath	39	790	182,700	2,776
Standard	1BR+1.5 bath	23	790	190,600	2,776
Executive	1BR+2 bath	7	1,124	248,800	2,887
Standard	2BR+2 bath	65	1,147	282,100	3,018
Executive	2BR+2 bath	13	1,503	330,600	3,292
With Den	2BR+2.5 bath	0	1,580	336,400	3,322
Executive	2BR+2.5 bath	4	1,950	446,200	3,730
Studio	1BR+1 bath	<u>3</u>	562	118,626	2,552
		<u>170</u>			
<i>Heritage Tower</i>					
Azalea	1BR+1 bath	1	803	\$206,800	\$2,807
Bougainvillea	1BR+1 bath	2	895	230,300	2,848
Coral	1BR+1 bath	2	985	235,500	2,935
Jasmine	1BR+1.5 bath	20	1,033	262,500	2,972
Lilac	1BR+1.5 bath	20	1,208	304,400	3,086
Magnolia	2BR+2 bath	17	1,290	326,400	3,095
Poinciana	2BR+2 bath	16	1,385	350,400	3,502
Queen Palm	2BR+2 bath	20	1,412	361,000	3,502
Royal Palm	2BR+2 bath	20	1,542	384,800	3,609
Sabal Palm	2BR+2 bath	<u>1</u>	1,698	446,200	3,730
		<u>119</u>			
<i>Garden Villas</i>					
Standard	1BR+1 bath	20	988	\$223,100	\$2,776
Executive	1BR+1.5 bath	34	988	234,200	2,897
Deluxe	1BR+1.5 bath	2	1,108	262,600	3,021
Standard	2BR+1 bath	31	1,296	297,400	3,124
Standard	2BR+1.5 bath	15	1,296	303,500	3,124
Petite	2BR+1.5 bath	3	1,096	251,700	3,124
Petite	2BR+2 bath	1	1,296	309,000	3,124
Standard	2BR+2 bath	49	1,488	341,400	3,259
Deluxe	2BR+2 bath	1	1,488	341,400	3,259
Deluxe Executive	2BR+2 bath	4	1,663	366,200	3,302
Executive B	2BR+2 bath	3	1,588	353,400	3,328
Executive A	2BR+2 bath	<u>15</u>	1,688	379,100	3,339
		<u>178</u>			
Total Independent Living Units		<u>644</u>			
Weighted Average			1,168	277,540	3,054

¹ Additional Entrance Fee charged for units with patios and lake front Garden Villas. There are second person Entrance Fees. The above Entrance Fees are in effect for Residents who select a fully amortized Type A Contract.

² Monthly Service Fees include cable of \$54.65, This gives each resident basic cable in their apartment. and a monthly meal allowance of \$266.66. Second person Monthly Service Fee is approximately \$1,700, inclusive of a monthly meal allowance of \$266.66.

Assisted Living Units

Assisted living is reserved primarily for Residents of JKV who may need assistance with the activities of daily living, such as ambulating, bathing, toileting, dressing, eating and administration of medications. The Corporation may enter into direct residency agreement from time to time to fill vacancy and preserve revenue. Currently, the Corporation has 3 rooms rented on a month-to-month basis to direct entry residents who are not life plan contract holders. The Assisted Living Units are located in Gardens West, a three-story building with 62 private rooms and two suites. The lobby atrium provides an open area to the height of all three stories. There are common areas on every floor, and library and kitchen facilities available to Residents as well as a large dining room serving three meals a day. Each unit is equipped with a large bathroom with a walk-in shower, large closet space, and a 24-hour emergency call system. Residents receive help with routine activities such as bathing, laundry, personal services and appointment setting. Weekly housekeeping, daily bed-making, 24-hour nursing supervision, medication monitoring, and social activity opportunities are provided seven days a week. All units are unfurnished in order to allow Residents to furnish their units with belongings that make them their homes. A Move-In Coordinator and Resident Relations Coordinator assist the residents and their families in making the move to this intermediate level of care.

Residents of the Independent Living Units may transfer to Assisted Living as necessary and in accordance with the terms of the Residency Agreements. Assisted Living is also available for occupancy by individuals other than Residents. Persons other than Residents are admitted, pursuant to the terms of a separate agreement, on an as-available basis to the extent that the units are not required to accommodate Residents. Generally, such prospective Residents must be at least 62 years of age and demonstrate sufficient financial resources to pay the required fees and other related expenses. The following table summarizes the types, numbers, and approximate sizes and rates of the various Assisted Living Units:

<u>Gardens West Assisted Living Units¹</u>			
<u>Type of Unit</u>	<u>Number of Units</u>	<u>Approximate Square Footage</u>	<u>Daily Per Diem</u>
One Bedroom	62	342	\$112
Suites	<u>2</u>	438	\$112
Total/Weighted Average	<u>64</u>	<u>435</u>	<u>\$112</u>

¹The fees shown reflect the direct fees for a particular unit. Note that many of the residents are transfers from Independent Living Units that pay a lifecare rate, not reflected above.

Health Centers

The Woodlands and Seaside Cove are for Residents who require long term skilled nursing care or short-term rehabilitation. The Corporation reserve a large portion of the licensed beds for care of its residents holding Life Plan Contracts. The difference between the care given to life plan contract holders and the 144 licensed beds can be used for direct entry resident in either the short term rehab rooms or long-term care rooms. The Woodlands, which opened in 2016, includes 144 private suites, of which 48 are dedicated to short term rehabilitation and 96 suites for long term care. Seaside Cove, which was completely renovated and opened in November of 2018, has 50 suites, which includes a ten-bed hospice unit leased to a local not-for-profit hospice provider and the balance of 40 suites are used for long term care. In total, the Corporation is fully licensed as a 194-bed long-term care facility, in which all 194 beds are

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Medicare/Medicaid certified. Non-Residents are also admitted to the Health Centers. Currently, the rooms are private, single bed rooms as follows:

Health Centers (The Woodlands and Seaside Cove)

<u>Type of Room</u>	<u>Number of Units/Beds</u>	<u>Approximate Square Footage</u>
Long-Term	136	293
Rehabilitation	48	293
Hospice	<u>10</u>	312
Total/ Weighted Average	<u>194</u>	<u>294</u>

Health Centers (Daily Rate):

	<u>Private¹</u>	<u>Medicare</u>	<u>Medicaid</u>
The Woodlands	\$450	\$598 ²	\$232 ³
Seaside Cove	\$425	---	---

¹ Represents room rates effective January 1, 2021. These are also the daily rates for non-Residents admitted to the Health Centers (those who have not entered into Residency Agreements)

² Represents weighted average Medicare per diem reimbursement rate from January 1, 2021 through August 30, 2021.

³ Represents Medicaid per diem as of January 1, 2021.

Sources of Resident Service Revenue

The table below sets forth the percentage of Resident service revenues for all levels of care, net of contractual adjustments, for the Corporation by payor source for the calendar years 2018 through 2020 and for the year-to-date period ended August 31, 2021.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>August 31, 2021</u>
Payor				
Private Pay – Independent Living	56.6%	51.6%	54.1%	55.5%
Private Pay – Assisted Living (Gardens West)	4.1	4.3	4.3	4.6
Private Pay – The Health Centers	10.4	13.8	12.0	14.4
Medicare	26.5	28.1	23.9	23.7
Medicaid	2.5	2.1	1.8	1.8
Other	<u>0.0</u>	<u>0.0</u>	<u>3.9</u>	<u>0.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100%</u>	<u>100.0%</u>

Occupancy

The table below lists the occupancy at the end of the period by level of care for the Corporation.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>August 31, 2021</u>
Level of Care				
Independent Living ¹	88.7%	89.3%	92.5%	90.6%
Assisted Living (Gardens West)	95.3	87.5	64.5 ²	71.0 ²
Seaside Cove Health Center	98.1	98.9	76.7	92.9
The Woodlands Health Center	92.8	94.7	84.7	80.9

¹ Approximately 29 residents of the Independent Living Units are depositors for the Westlake Tower. The Feasibility Study assumes that those units will be refilled at a pace of 1.5 units per month. Currently, there are 36 individuals on a waitlist for the existing Independent Living Units. See APPENDIX C - THE FEASIBILITY STUDY.

² This decrease is COVID-19 related as it eliminated the ability to admit non-Residents into the Health Centers at times.

Turnover Analysis

Turnover for the Independent Living Units throughout the four most recent fiscal years and for the year-to-date period ended August 31, 2021, is shown in the following table.

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	Turnover Analysis				
	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>	<u>August 31,</u> <u>2021¹</u>
Independent Living Units					
Beginning Units Occupied	598	603	604	607	605
Move ins	75	60	66	59	36
Transfers to Health Care	35	31	36	28	28
Move-outs and Deaths	<u>35</u>	<u>28</u>	<u>27</u>	<u>33</u>	<u>29</u>
Ending Units Occupied	<u>603</u>	<u>604</u>	<u>607</u>	<u>605</u>	<u>584</u>
Available Units for Occupancy					
Ending Occupancy					
Total Units Available	666	666	666	644	644
Available to Sell					
Occupancy %	91.6%	90.5%	90.9%	93.9%	90.6%
Beginning Number of ILUs	598	603	604	607	605
Occupancy					
Entrance Fee Receipts	\$19,244,422	\$15,856,183	\$13,234,113	\$10,146,465	\$9,924,897
Entrance Fee Refunds	<u>885,934</u>	<u>737,403</u>	<u>133,898</u>	<u>263,918</u>	<u>300,927</u>
Net Entrance Fees	<u>\$18,358,488</u>	<u>\$15,118,780</u>	<u>\$13,100,215</u>	<u>\$9,882,547</u>	<u>\$9,623,970</u>

¹ Twenty eight additional units are scheduled to be occupied by December 31, 2021.

The numbers reflected in both of the preceding two tables were affected by the impact of the COVID-19 pandemic. See “FINANCIAL INFORMATION – Fiscal Quarters Ended August 31, 2021” herein for additional details on the impact of COVID-19 on the Corporation’s operations.

Services and Amenities

The Residents of the Community enjoy the security of “life care” under the supervision of a dedicated staff. Among the many services included are:

- Monthly meal allowance sufficient to provide regular healthy meals. Special diet menus and catering is available;
- Bi-weekly housekeeping;
- Around-the-clock security staff throughout the Community;
- Gated and controlled access;
- Comprehensive monitoring system including emergency alert cords, daily assurance check- in system and smoke detectors;
- Transportation via buses and electric carts within the Community;
- Scheduled transportation to doctor’s offices, churches, banks, and shopping;
- All maintenance both inside and outside of homes;
- All utilities and property taxes;
- Nurses provide emergency and referral services through clinic 24 hours a day;
- Assisted Living at Gardens West on campus;
- Full-time skilled nursing care currently provided in the Woodlands and Seaside Cove;
- Bank branch located on campus; and
- Doctor offices located in the Professional Building (described herein).

Residents can take advantage of an active lifestyle. They travel, take part in computer and fitness clubs, play bridge, and enjoy the many outside entertainment programs in the 250-seat auditorium. They are active in the affairs of the JKV Companies, some serving as corporate board members, or participating on the Community Resident Senate. The Corporation's activities staff organizes escorted trips to popular destinations in Florida, the United States and abroad. Residents enjoy trips to the theater and symphony as well as visits to libraries, malls and favorite restaurants. The activities staff takes care of all the details and transportation. Residents also participate in the Red Hat Society and Rotary Club operating at the Community. There is a wood, metal and stained-glass workshop, a putting green and a heated swimming pool and lap pool. Residents play golf and at nearby public and private clubs and can play bocce ball and pickle ball in the newly opened Aquatic Complex. Weekly religious services are conducted in the Community, and transportation is available to the many local houses of worship.

The Center for Healthy Living opened in the Spring of 2021 and is located on the 1st floor of a 26,800 square foot building on the Corporation's campus. This amenity spearheads the Corporation's efforts to identify and treat disease before it starts. This fully functional health clinic is staffed in cooperation with Johns Hopkins, a healthcare management service and Holly Cross hospitals. Also housed in the building are the Human Resources department and the Home Health Agency administrative offices.

Wellness Nurses are available 24 hours a day to respond to Resident needs and questions. Residents and employees can take advantage of the monthly medical screenings and the annual health fair to monitor blood pressure, blood sugar, cholesterol, balance, hearing and many other medical issues. Support groups are available for diabetes and Parkinson's disease. The fitness program includes a staff of five professionals offering screening, evaluation, orientation and supervision for each Resident's level of function and a full range of classes, including water exercise, aerobics and yoga in the newly-renovated and enlarged fitness center.

Transportation Network. Transportation is an important component of Community life. The Corporation has a fleet of vehicles available to take Residents around campus and into the community. Enclosed carts are used to transport Residents across campus. Regularly scheduled bus service transports Residents to local grocers, shopping centers, pharmacies, and professional services on a complimentary basis. Personalized transportation is also available by car for an additional fee for those Residents who choose not to take advantage of the bus service provided.

Dining. Farm to table, fresh and healthy cuisine, overseen by Director of Dining Services, Joe Mallen award-winning Executive Chef Mark Gullusci, is prepared daily and available at the campus restaurant, the Palm Bistro, Glades Grill, Stryker's Bar and for home delivery. Opening in 2022 alongside the Pavilion are 2 cook-to-order sit down restaurants. Se Glass and The Pearl will offer superior cuisine in a fine dining atmosphere. Located overlooking a newly formed lake and pedestrian zone will be the perfect back drop for a fine dining experience. The Pavilion theatrical arts center is poised to take advantage of the in-building kitchen for catered events of any size. The pedestrian zone will be formed by the Cassels Tower, Westlake Tower, Pavilion and Gardens West. The newly built 1st floor of the Westlake Tower will also house resident-centered activities. At the conclusion the residents will have 6 choices of dining and menus.

Fitness Center. The Fitness Center is 7,000 square feet that includes modern exercise equipment and machines, a fitness studio for classes, with a trained and licensed staff who instruct classes from mediation to yoga and Pilates to Zumba every day. Private lessons and personal training are also available.

Common Areas. The Community includes recreation areas, including a rose garden and a landscaped area. The Community has been certified by the National Wildlife Federation as a Wildlife Habitat because of the conscientious planning, landscaping and sustainable gardening on campus.

Village Centre Auditorium. The Village Centre Auditorium, which seats up to 250 people, is the home for campus performances, spiritual services, gallery shows, lectures, and movies. The Auditorium is equipped state-of-the-art sound and projection equipment with an electrically driven divider wall. The Hibiscus Room is adjacent to the performance area and is a popular spot for smaller gathering and pre-show gatherings. This building is also home to the 60-person Glades Grill and supports Stryker's Bar and the Aquatic Complex.

Welcome & Innovation Center. The Corporation recently opened a new 7,200 square foot facility that will house the Sales and Marketing departments. This building also includes a design center, demonstration kitchen, conference room and open-air space for campus and community events.

Aquatics Complex. A new Aquatics Complex is now open. This complex has created an activity zone based on outdoor living. Stryker's Bar is the home for Sunday football, special events and resident activities. It is supported by the Glades Grill offering a full bar and bar style foods. The two pools boast zero entry features and wheelchair ramps with a 4-lane lap pool. Included in this activity zone are 2 bocce ball courts and 2 pickle ball courts. The additions of these amenities as well as mandatory vaccination for staff and high vaccination rate for residents is viewed by management as a contributing factor of the Community's occupancy rate during the pandemic.

Pavilion. The Corporation expects to open in the first quarter of 2022 its free-standing performing arts center that will have flexible seating arrangements and can accommodate approximately 400 seats, two restaurants, a bar, event space and indoor and outdoor dining next to a newly formed lake (the "Pavilion"). The expected approximate square footage of the Pavilion is 37,117 square feet. The Corporation expects that the Pavilion will be available for Community events and as rental event space.

Marketing

Over several years, the Corporation has made a substantial investment in the Marketing department by adding (i) a LifeCare Counselor, (ii) a Communications Manager, (iii) a Graphics Specialist, (iv) a Video/Tech Specialist, (v) Marketing Director and (vi) a Sales Director. The Corporation has modernized websites and online portals including JKV Connect and developed new brochures and videos. The Board established the Marketing Committee to focus on the marketing plan and strategies to maintain occupancy. The Corporation initiated training programs and provides ongoing coaching to the sales staff. The Corporation has developed incentive plans to enhance sales efforts.

The Corporation continues to monitor inventory and customer desires and has developed a new package of apartment finishes ranging from ceramic tile to stainless steel appliances and upgraded cabinets. These new décor packages have been well received by potential Residents. Current Residents may also take advantage of a special incentive to downsize from larger, more marketable two bedroom units to smaller one-bedroom units that better fit their lifestyle. In 2013, the Marketing Department began producing a monthly direct mail newspaper, the Gazette, which is mailed to more than 36,000 age and income qualified Residents in the local community. The center spread and back page highlight the lifestyle enjoyed by Residents of the Community. A flyer detailing the next two months of marketing events is included in the publication. This publication has produced several leads each month.

The Marketing Department also launched its Senior Connection Club (the "Club"), which seeks to build lasting relationships with area seniors who share common interests. Members gather for events at the Community and for outings to local attractions and restaurants, all organized through the Marketing Department. There are currently 150 members of the Club. The Speakers Bureau presents informative and educational presentations on topics of interest to older adults, their families and caregivers. Our senior management team, health care professionals and Residents have a wealth of knowledge on retirement living options, senior services, wellness and fitness, long-term care and financial strategies. The speakers are all experts in their chosen fields and address issues such as financial planning for the future, choosing long-term health care options and deciding the right time to move to a retirement community. Residents are included on the Bureau to talk about their passions for different activities which may include cooking, antique car collecting and kayaking.

The Corporation has also engaged Love and Company to serve as a marketing consultant to coordinate efforts for the Westlake Tower expansion as well as refilling units that turn over during the construction and stabilization of the Westlake Tower expansion. Rein Communications, Ievlane, Mythic and Slantics Advertising also provide public relations, advertising and additional marketing and sales support to the Corporation. The Corporation currently has 32 internal transfers from existing Independent Living Units who have given a 10% deposit to move into Westlake Tower. The existing units to be vacated are of the larger variety, updated and are most desirable.

Residency Agreements and Healthcare Benefits

The Corporation offers two types of residency agreements: a LifeCare Contract (the “Type A Contracts”) and a modified contract (the “Type C Contracts” and, together with the Type A Contracts, the “Residency Agreements”). All Residency Agreements require the payment of an Entrance Fee and are offered on either a fully amortizing or 50% refundable Entrance Fee basis (where 50% of the Entrance Fee paid by the Resident will be refunded when the contract is terminated). The Entrance Fee required for the Type C Contract is half of the Entrance Fee required for a Type A Contract.

All Residents of Independent Living Units have entered into Residency Agreements, are entitled the services described herein and are entitled to admission to the Corporation’s Assisted Living Units and Health Centers on a preferred basis. Residents under Type A Contracts pay a rate equal to the last monthly service fee paid in their Independent Living Unit for health care services in the Assisted Living Units and Health Centers and must also pay to upgrade their meal plan to a minimum of three meals a day. In contrast, Residents under Type C Contracts incur all out-of-pocket costs for admission into an Assisted Living Unit or the Health Centers, at the applicable daily private pay rates, as well as the cost of upgrading their meal plan.

As of August 31, 2021, the Corporation had only one Type C Contract and all Residency Agreements are fully amortizing, with no 50% refundable contracts outstanding.

Qualifications for Residency

Each prospective Resident must be at least 62 years of age. Upon entry into the Community, a physical examination is required to determine that the Resident is capable of independent living. The prospective residents must meet financial requirements, including assets sufficient to provide for the Entrance Fee and Monthly Service Fees of the applicable unit. Each Resident’s financial and demographic data are entered into an actuarial program which is designed to determine the likelihood of needing assistance. If the risk is absent or extremely low, then the application for residency is accepted. The Community is operated on a non-discriminatory basis and provides the facilities and services described in the Residency Agreement to individuals without unlawful discrimination due to race, color, religion, sex, age, national origin, ancestry, disability, or any other unlawful reason.

Entrance Fees and Monthly Service Fees

The Corporation requires an Entrance Fee be paid in connection with residence at the Community. A deposit equal to 10% of the First-Person Entrance Fee is payable upon selection of an Independent Living Unit. The remaining First-Person Entrance Fee is payable at the time of execution of the Residency Agreement. A second-person Entrance Fee is charged for those contracts where there is more than one Resident in a unit. First- and Second-Person Entrance Fees are held in escrow for seven days. If the resident rescinds the Residency Agreement within the seven-day period, the First- and Second-Person Entrance Fee is returned in full. The First-Person Entrance Fee may be refundable to the Resident or the Resident’s estate as described below under “Terminations and Refunds Under the Residency Agreements.” First-Person Entrance Fees are amortized into income using life expectancies that vary by age, gender, level of care and couple status. These life expectancies were developed based on the historical experience of the Community’s Residents.

The Corporation requires Residents of the Community to pay Monthly Service Fees. Monthly Service Fees vary in accordance with the size and location of the Independent Living Unit originally selected. The current Monthly Service Fee (adjusted periodically) of the Independent Living Unit occupied by the Resident remains the same through the continuum of care provided in Gardens West, the assisted living facility, and The Woodlands and Seaside Cove. The base Monthly Service Fee includes a monthly meal allowance while in Independent Living, which is reset monthly. An additional charge covering three meals per day is required while in a higher level of care.

Services Provided to Residents

Upon payment in full of the First- and Second-Person Entrance Fee and ongoing payment of the Monthly Service Fee for an Independent Living Unit, each Resident will be provided an Independent Living Unit and receive

certain basic services. Services provided include: (i) a monthly dining dollars program; (ii) bi-weekly housekeeping of the Independent Living Unit; (iii) Secured Gated Community; (iv) maintenance of all common areas and equipment; (v) repair, maintenance or replacement of furnishings provided in the Independent Living Units; (vi) regularly scheduled local transportation; (vii) 24-hour monitoring of the emergency alert system; (viii) a variety of social, recreational, educational, cultural, and health wellness programs; (ix) one surface parking spot per Independent Living Unit; and (x) use of dining rooms, lounges, surface parking, social and recreational rooms, and other common activity facilities.

Approximately 25% of the Corporation's Independent Living Units have more than one person per unit. The second person must pay additional Entrance Fees and additional Monthly Service Fees. If a Resident becomes unable to pay the Monthly Service Fees through no fault of the Resident, the Resident becomes eligible for the Benevolence Program. This program is funded through donations to the Foundation and allows the Resident to remain at the Community without imposing additional costs on the Corporation. Currently less than 2% of Residents utilize the Benevolence Fund.

Transfer to Assisted Living or Skilled Nursing Beds

Residents of Independent Living Units may be transferred to Assisted Living Units on a permanent basis or to the Skilled Nursing Suites on either a temporary or permanent basis as health needs require. When a Resident is transferred to a level of care, the Resident continues to pay the Monthly Service Fee in effect while in an Independent Living Unit and pay additional fees for the provision of three meals a day in those levels of care compared to the 15 dinners included with the Independent Living Monthly Service Fee.

Preview to LifeCare Contracts

Prospective Residents may choose to enter into a "Preview to LifeCare Contract." This contract option allows potential Residents to experience the Community prior to paying an Entrance Fee and the resident must meet the same health and financial criteria as all other Residents. The Preview to LifeCare Contract does not provide for the provision of health care and the number of contracts allowed is limited to 25. Currently, there are presently ten Preview to LifeCare Residents at the Community. Residents may convert this contract to a full Residency Agreement or may choose to renew the preview contract on an annual basis. Currently, no one is utilizing this program.

Resident Fee Adjustments

The Corporation has the authority to increase Monthly Service Fees with 60 days' written notice to the Residents. The Corporation has historically adjusted rates in January of each year, but may increase rates any time with 60 days written notification. The following table shows the percentage by which rates were increase for the past five years as well as the increases with respect to Entrance Fees for such years.

<u>Year</u>	<u>Increase in Residential Monthly Service Fees</u>	<u>Weighted Average Increase in Entrance Fees</u>
2017	3.5%	3.0%
2018	3.5	0.0
2019	3.5	3.5
2020	3.7	3.7
2021	3.9	3.9
2022	6.1	4.8

These rates were approved at the October Board of Directors meeting and resident notifications were sent out to all residents on October 29, 2021. As of August 31, 2021, the Corporation's weighted average Entrance Fee amount is \$277,540 below the average home price in Broward County of \$355,000¹.

Change in Financial Status

The Corporation has established a policy to try to remove economic barriers to residency by providing financial assistance to current Residents, who could not otherwise afford Entrance Fees and/or Monthly Service Fees. Financial aid for current Residents who have become challenged to pay for full fees or other charges by reason of circumstances beyond their control is provided by the Corporation. The decision as to whether a particular Resident meets the criteria to qualify for financial assistance is within the sole discretion of the Corporation. Financial aid payments are limited by the Corporation's obligation to meet its commitments to all Residents and to operate on a sound financial basis.

Waitlist for Independent Living Units

Currently, there are 36 individuals on a waitlist for the existing Independent Living Units.

Resident Profile

As of August 31, 2021, approximately 77.1% of the Resident population is single and the balance of 22.9% of the Resident population is comprised of couples. Additionally, as of October 31, 2021, the Resident population is comprised of approximately 37.4% males and approximately 62.60% females. The average age of entry was 79.9 years and 79.8 years in 2020 and 2019, respectively. With respect to the Independent Living Units, the average age is 82.07 years for men and 83.28 years for women. With respect to the Assisted Living Units, the average age is 91.34 years and with respect to the Skilled Nursing Beds, the average age is 87.83 years.

Terminations and Refunds Under the Fully Amortizing Type A Contracts

A prospective Resident may terminate the Fully Amortizing Type A Contract for any reason prior to occupancy and receive a full refund of any deposits or Entrance Fees paid. Upon execution of the Fully Amortizing Type A Contract, the Resident may terminate the contract for any reason and will receive a refund of the Entrance Fee for the unit less a 5% administrative fee and 2% of the remaining Entrance Fee for each month of occupancy or right of occupancy by the Resident. After 50 months of occupancy, no refund of the Entrance Fee is due. If a Resident dies within 12 months of executing the Fully Amortizing Type A Contract, 50% of the Entrance Fee will be refunded. If a Resident dies after 12 months of executing the Fully Amortizing Type A Contract, no refund is due. Entrance Fee refunds are paid within 60 days of receipt of written notice of contract termination and clearing the unit or within 60 days of death of a Resident and clearing the unit. At any time after occupancy or right of occupancy, a Resident may terminate the Fully Amortizing Type A Contract by providing 30 days' prior written notice. The Fully Amortizing Type A Contract will terminate automatically upon the resident's death. The Corporation may terminate a Fully Amortizing Type A Contract for just cause, including (i) non-payment; (ii) material breach of the Fully Amortizing Type A Contract or the reasonable rules of the Community; and (iii) health status or behavior which constitutes a substantial threat to the health or safety of the Resident, other Residents or employees.

Capital Improvements and Ongoing Projects

The Community recognizes the continued success of any CCRC is dependent on the prudent reinvestment of capital earned back into the community and the capital budget and prudent use of debt reflects this philosophy. This effort has resulted in an average age of physical plant of 12.4 years as of August 31, 2021. The revitalization of key amenities continues to be the focus in the 2021 capital budget, including a new state-of-the art Aquatics Complex where a dated pool once stood, the building of a new Sales and Innovation Center where future residents can design

¹ Source: realtor.com® - as of September 2021 for Median Sold Home Price

and imagine life at the Community. Capital has also been spent on hurricane mitigation the facilities, through new power generators and shatter proof windows.

The following table provides the expenditures for capital improvements over the past four years and an estimate for 2021.

<u>Year Ending December 31</u>	<u>Amount</u>
2021	\$12,065,000 ¹
2020	28,384,292
2019	17,220,078
2018	17,750,391
Total	<u>\$75,419,761</u>
4 Year Average	<u>\$18,854,940</u>

¹ Estimated for the fiscal year (as of August 31, 2021).

In addition to the construction of the Pavilion, the Corporation is also undertaking various other projects, including filling an existing lake and constructing a new lake, constructing a central energy plant (the “CEP”), constructing additional parking spaces, reconfiguring and resurfacing certain existing parking lots, as well as related utilities and infrastructure work (collectively with the Pavilion, the “Pavilion Project”). The construction costs for the Pavilion Project are approximately \$29.3 million (exclusive of marketing, escalation and owner contingency costs) and overall project costs are expected to be approximately \$35.8 million.

The new lake, with its accompanying bulkheads, will be located south of the Pavilion (which will have lakeside outdoor dining), north of Cassels Tower and west of the proposed Westlake Tower (as described herein). Some Cassels Tower residents will see their existing window views change from a patio dining rooftop to lake views.

The CEP will provide chilled water to certain buildings in the Community, including the Pavilion and the proposed Westlake Tower, providing a more efficient HVAC operation. The CEP will house its own electrical back-up generator for HVAC operations to limit interruption during storms and power outages.

The Construction Contract requires the Construction Manager to achieve substantial completion of the CEP by November 30, 2021, the Pavilion by January 31, 2022 and lake excavation by June 30, 2022. The Construction Contract calls for liquidated damages of \$4,250 per calendar day following the 30th calendar day after substantial completion, but not to exceed an aggregate amount of \$495,275.

All approvals and required permits have been obtained for the aforementioned projects.

THE 2021 PROJECT

Summary

A portion of the proceeds of the Bonds will be used to finance or reimburse the Corporation for the cost of certain capital improvements for or to the Community, including constructing, installing and equipping (i) a new 15-story tower (“The Vue”) and a new 11-story tower (“The Terrace”) with approximately 146 independent living units with seven different unit types and square footage ranging from 1200 to 2200 square feet to be located east of the Pavilion and the new lake (collectively, the “Westlake Tower”) and (ii) a waterway connecting the newly constructed Lake Maggie to a new lake (the “Waterway” and, together with the Westlake Tower, the “2021 Project”).

Westlake Tower. Residents of Westlake Tower will pay an Entrance Fee upon admission into the Community, 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. Additionally, if more than one Resident occupies an Independent Living Unit, an additional Entrance Fee is required. In addition to the Entrance Fee, each Resident pays a Monthly Service Fee, based

upon the unit size and amenities. An additional Monthly Service Fee is payable for a second Resident occupying an Independent Living Unit.

Each Independent Living Unit is furnished with window treatments, wall-to-wall carpeting or hardwood flooring, tile flooring in the kitchen and bath, a complete kitchen with refrigerator, range with oven, microwave oven, and dishwasher, a stacked washer/dryer combination, fire and smoke alarms, fire sprinkler system, individually controlled heating and air conditioning and a balcony or patio. All utilities are included within the Monthly Service Fee, including water, sewer, cable television, electricity, and heating and air conditioning. All the apartment buildings have common areas including a lobby, party room, piano, and a library and a mail room. Westlake is expected to have enhanced amenities as it will have direct access to spiritual life, the tech hub and the arts studio.

The table on the follow page summarizes the floor plan, type, number, approximate square footage and expected Entrance Fees and Monthly Service Fees for the Westlake Independent Living Units at the Community:

Overall construction costs of the Westlake Project are projected to be approximately \$97.5 million (exclusive of marketing, soft costs, escalation and owner contingency costs), and overall project costs are expected to be approximately \$113.13 million. The Corporation has spent approximately \$4.8 million to date on certain soft costs of Westlake Project. The Corporation is also financing other capital projects for the benefit of the community in an amount of approximately 5.5 million.

Westlake tower early works began in October 2020, current construction schedule targets Westlake tower construction beginning in January 2022 and completion in January 2024.

In March 2021, the Corporation began collecting deposits for reservations for Westlake Tower Independent Living Units. Through October 19, 2021, 103 of the 146 planned Independent Living Units (approximately 70.5%) are reserved by prospective residents.

<u>Floor Plan</u>	<u>Type</u>	<u>Number of Units</u>	<u>Approx. Square Footage</u>	<u>Entrance Fee¹</u>	<u>Monthly Service Fee²</u>
<i>The Vue</i>					
Amelia	1BR w/den+1 bath	50	1,231	\$335,000	\$3,700
Biscayne	1BR w/den +2 bath	12	1,502	460,000	4,550
Captiva	2BR w/den +2 bath	24	1,759	473,500	4,560
Sanibel	2BR w/den +2.5 bath	24	1,889	525,500	4,730
Siesta Penthouse	2BR w/den +2.5 bath	5	2,268	664,800	5,200
Wahoo	4BR w/den+4bath	1	3,323	1,329,600	10,400
<i>The Terrace</i>					
Cobia	2BR +2 bath	15	1,502	407,500	4,200
Tarpon	2BR w/den +2 bath	<u>15</u>	1,821	510,000	4,600
		146			

¹ Entrance Fees based on single occupancy and shown for fully amortizing plan. Second person Entrance Fee expected to be \$30,000. Entrance fees will depend on any added upgrades and floor level within Westlake Tower.

² Estimated Monthly Service Fees for 2024. Second person monthly fees \$2,000.

Overall construction costs of the Westlake Project are projected to be approximately \$97.743 million (exclusive of marketing, soft costs, escalation and owner contingency costs), and overall project costs are expected to be approximately \$121.167 million. The Corporation has spent approximately \$4.8 million to date on certain soft costs of Westlake Project.

Architect

The Corporation has selected Perkins Eastman Architects, D.P.C. as the architect (the “Architect”) for the 2021 Project. The Architect is a leading architecture, urban design, and interior design firm offering programming,

planning, design, and strategic planning services, with a global network of more than 1,000 professionals across 15 offices. A representative list of Perkins Eastman's projects includes the following:

<u>Project Name</u>	<u>Location</u>	<u>Construction Cost</u>	<u>Completion Date</u>
Inspirata Pointe at Royal Oaks	Sun City, Arizona	N/A	Estimated January 2023
Spring Lake Village	Santa Rosa, California	\$ 62,411,884	March 2015
Maravilla at the Domain	Austin, Texas	70,000,000	October 2020
Moorings Park	Naples, Florida	48,000,000	February 2017
Montecedro	Altadena, California	108,219,458	February 2016
Southminster Campus Reinvention	Charlotte, North Carolina	109,000,000	August 2020
Anthology of King of Prussia	King of Prussia, Pennsylvania	60,000,000	October 2020
Jewish Senior Life: Green House	Rochester, New York	37,000,000	2019
Lifespace: Friendship Village of South Hills Campus Expansion	Upper St. Clair, Pennsylvania	40,000,000	2019
Clark-Lindsey Village Campus Repositioning	Urbana, Illinois	18,800,000	2017
MorseLife: Levin Tower	West Palm Beach, Florida	68,218,601	2018
Maplewood at Stony Hill: New Assisted Living and Memory Support Community	Bethel, Connecticut	17,000,000	2014
Wiggins Place	Beachwood, Ohio	16M original project 9M expansion	2015
Heritage Community of Kalamazoo: Revel Creek - New Independent Living	Kalamazoo, Michigan	30,000,000	Estimated April 2021
Abe's Garden: Alzheimer's and Memory Care Center of Excellence	Nashville, Tennessee	15,000,000	2015
Atria Senior Living: Foster Square	Foster City, California	70,000,000	2017
Franciscan Ministries: Marian Village	Homer Glen, Illinois	1,730,000	2019
Goodwin House: Alexandria: Small House	Alexandria, Virginia	32,798,388	2017
Laclede Groves	St. Louis, Missouri	63,000,000	2013
Peace Village	Palos Park, Illinois	2,000,000	2016
Poydras Home	New Orleans, Louisiana	11,717,822	2013
Rockwood Retirement Community: The Summit	Spokane Washington	40,556	2016
Inglennook at Presbyterian Village	Hollidaysburg Pennsylvania	11,000,000	2017
C.C. Young: The Overlook	Dallas, Texas	33,970,000	2012
Saint John's on The Lake: Independent Living Building	Milwaukee, Wisconsin	48,500,000	2011

Construction Manager

The Corporation has selected Moss & Associates, LLC (the "Construction Manager") as the construction manager for the 2021 Project. The Construction Manager has entered into an AIA® Document A133™ – 2009 Standard Form of Agreement Between Owner and Construction Manager as Constructor (the "Construction Contract") with the Construction Manager dated as of November 15, 2021, as amended by AIA Document A133 dated September 17, 2020, as amended on November 15, 2021. Based in Fort Lauderdale, Florida, the Construction Manager has been in business since 2004. Moss can bond individual projects in excess of \$250 million. Their diverse portfolio encompasses a wide range of sectors including, senior living, mixed-use developments, multi-family residential, hospitality, office, education, and solar energy. A representative list of retirement community projects and multi-family housing projects in the State with a contract value of more than \$10 million on which the Construction Manager has worked over the past five years includes the following:

<u>Project Name</u>	<u>City</u>	<u>Current Project Value</u>
Villages of Windsor	Lake Worth	\$73,555,759
Dadeland Overture	Miami	63,907,220
SLS Lux	Miami	188,361,881
Auberge Beach Residences & Spa	Fort Lauderdale	183,749,038
Brickell Heights	Miami	182,986,930
University of Miami Lakeside Village	Coral Gables	176,051,582
The Harbour	North Miami Beach	140,053,192
1010 Brickell	Miami	127,683,878
Hyde Midtown	Miami	108,955,655
ICON Las Olas	Fort Lauderdale	104,595,597
400 Sunny Isles Condominiums	Sunny Isles	101,611,539
Downtown Doral	Doral	95,181,251
RIVA	Fort Lauderdale	81,800,718
Via Mizner Phase 1 - Apartments	Boca Raton	75,401,779
Villages of Windsor	Lake Worth	73,555,759
Landmark Doral Apartments	Doral	73,450,961
Broadstone at Brickell	Miami	73,250,000
Dadeland Overture	Miami	63,907,220
4 West Las Olas	Fort Lauderdale	59,308,785
Maizon at Brickell	Miami	56,204,957
Conrad Fort Lauderdale Beach	Fort Lauderdale	39,830,622
Adagio Fort Lauderdale Beach	Fort Lauderdale	37,468,849
The Six13	Fort Lauderdale	27,012,886

Construction Contract

The guaranteed maximum price under the Construction Contract is \$97,163,729, including the contractor's contingency and change order allowance. The Construction Contract calls for a contractor's contingency of \$2,516,292. The Construction Manager began site work under an early works guaranteed maximum price amendment, which has been rolled into a new guaranteed maximum price amendment under the Construction Contract. The site work included test pilings for the foundation, certain critical path items including elevators and steel, plumbing and electrical work.

The Construction Contract requires the Construction Manager to achieve substantial completion of the Westlake Tower by December 29, 2023. The Construction Contract calls for liquidated damages of \$6,250 per calendar day commencing the 31st calendar day after the deadline for substantial completion, with an increase to \$12,500 per day commencing the 61st calendar day after the deadline for substantial completion, but not to exceed an aggregate amount of \$1,642,865. The Construction Manager's fee is 3.5%. Any savings (as defined in the Construction Contract) will be split 70% to the Corporation and 30% to the Construction Manager.

Under the Construction Contract, if the price of materials, shipping or trucking increases by more than (3%) compounded per annum (i.e., 6% in second year), from the date of execution of the Construction Contract (through no fault of the Construction Manager and with the Construction Manager taking commercially reasonable efforts to lock down and buy out subcontracts and material prices, including early acquisition of materials), then the Corporation will pay for such cost increases. There is no ceiling as to the amount payable by the Corporation should an escalation in such prices occur. The Corporation will be depositing \$2,200,000* in bond proceeds into the Construction Fund held by the Bond Trustee as a reserve for any such escalation.

Under the Construction Contract, the Construction Manager is not required to provide payment or performance bonds to ensure completion of the obligations of its subcontracts. In lieu of payment and performance bonds, the Construction Manager has obtained subcontractor default insurance ("SDI") from Indian Harbor Insurance Company, an affiliate of AXA XL, to insure performance and completion of the obligations of its subcontractors at the prime contractor level. The SDI policy covers the Construction Manager, and partially and indirectly the Corporation and Master Trustee, with respect to all enrolled construction projects for which the Construction Manager

provides construction services up to a policy aggregate of \$80,000,000, with a \$40,000,000 per default limit (which exceeds the value of the entire Construction Contract). The SDI policy also provides post completion coverage for latent defects that may arise after the 2021 Project is finished, for the full period of repose under Florida law (ten years), compared to the five-year coverage period for payment and performance bonds.

The Corporation and the Master Trustee are “Scheduled Entities” under a Secondary Interest Endorsement (the “Endorsement”) to the SDI policy. Under the Endorsement, if the Construction Manager becomes insolvent, the Corporation or the Master Trustee may file claims against the SDI policy and is indemnified for loss per the terms of the base SDI policy (each for up to one year following substantial completion of the 2021 Project and subject to any further limitations set forth in the Endorsement). The Corporation believes that the SDI Policy, in lieu of payment and performance bonds, adequately protects the 2021 Project against subcontractor defaults (and provides greater post completion coverage than payment and performance bonds). The Construction Contract and 2021 Project are further insured by a project-specific Contractor Controlled Insurance Program (CCIP), which includes among other coverages, Commercial General Liability Insurance of \$2 million per occurrence and \$4 million in the aggregate plus an excess layer of \$100,000,000, with the Corporation as an Additional Insured with direct recourse against the policies; Professional Liability Insurance of \$10,000,000 per claim and in the aggregate; and Pollution Liability Insurance of \$10,000,000 per occurrence and in the aggregate. The Commercial General Liability Insurance carries post completion coverage, known as “Products/Completed Operations Liability Coverage” for ten years following completion, thus mirroring the SDI policy’s post-completion coverage. The Contractor also carries a corporate policy for Professional Liability coverage in the amount of \$25,000,000 per claim and aggregate. The Corporation also carries a supplemental, project-specific umbrella policy providing for an additional \$10,000,000 in pollution and professional liability coverages over and above the coverages provided by Contractor, with a ten-year extended reporting period.

The SDI policy deductible is \$1,500,000 and coverage carries a 20% co-pay up to a maximum of \$500,000. The Construction Manager is responsible for all deductibles and co-pays.

Construction Consultant

The construction consulting firm of Alcala a full-service national construction consulting company founded in 2007 that specializes in the senior living industry, has been selected and retained by the Corporation to review construction progress, quality, and contractor requisition requests on a monthly basis for the Phase II Project during the construction period. In addition, Alcala has provided the pre-construction consulting services described in the next paragraph. Alcala 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’s responsibilities included conducting a review of the 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 will be responsible for the following actions in connection with the construction of the Community: (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.

A representative list of Alcala’s project experience includes the following:

<u>Name of Project</u>	<u>Location</u>	<u>Year of Completion</u>	<u>Type of Project</u>
Fountaingate Gardens	Commack, NY	2022	IL/Commons
Blakeford at Green Hills	Nashville, TN	2022	IL/AL/MC/SNF
Sinai Residences of Boca Raton	Boca Raton, FL	2022	IL
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 ChampionsGate	ChampionsGate, 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

Disbursement Agreement

The Bond Trustee will agree to disburse proceeds of the Series 2021 Bonds for Project costs only in accordance with the Construction Disbursement and Monitoring Agreement dated on or about December 1, 2021] (the "Disbursement Agreement"), among the Corporation, Alcala, and the Bond Trustee. Under the Disbursement Agreement, each advance of proceeds of the Series 2021 Bonds will be subject to the approval of the Construction Consultant.

Project Budget. Pursuant to the Disbursement Agreement, the Corporation will prepare, for approval by the Construction Consultant, a budget which reflects the sources of funds to be applied to pay Project costs and the budgeted cost, on a line item basis, of each category of work or materials required to construct the Project, together with all other budgeted costs and expenses for the Project.

Hard Costs. Pursuant to the Disbursement Agreement, prior to the disbursement of proceeds of the Series 2021 Bonds to be made under the Project Budget for work, labor, materials or equipment (“Hard Costs”), the Corporation must submit to the Construction Consultant disbursement request (the “Disbursement Request”) including an itemized statement of costs organized by Project Budget line item and attaching AIA Document G-702 and G-703, together with certain additional supporting documentation. Following receipt and approval of a Disbursement Request and supporting documentation, the Construction Consultant will approve the amount of requisition of funds to be made in accordance with the financing documents.

Soft Costs. Pursuant to the Disbursement Agreement, the Corporation must submit to the Construction Consultant a Disbursement Request for payment of costs and expenditures included in the project budget other than Hard Costs (the “Soft Costs”), for review and approval by the Construction Consultant. The Disbursement Request for Soft Costs must include the total amount of Soft Costs included in such request, itemized by the categories identified in the Project Budget, together with bills, paid invoices or other evidence supporting each item of Soft Costs covered by such Disbursement Request.

Other Conditions. The Disbursement Agreement states that payment of each Disbursement Request is subject to receipt of additional items such as (i) lien releases and waivers from the Construction Manager, subcontractors, consultants, design and engineering professionals and suppliers, (ii) evidence that materials for the Project will be purchased and stored in accordance with the Disbursement Agreement, (iii) affirmation by the Corporation of certain representations and warranties made in the financing documents, (iv) absence of an Event of Default under the Bond Indenture or the Master Indenture, (v) within 30 days of the completion of the building foundation for the Project, a foundation survey and certificate from the Architect and Construction Manager stating that the foundation work conforms to the plans and specifications, (vi) certification that there has been no material damage by fire or other casualty, and (vii) true copies of all permits required at the date of the advance. The Disbursement Agreement also includes additional conditions for final disbursement and final release of retainage, including additional certification by the Architect, a final release of liens, and evidence of governmental approvals including occupancy permits, final as-built survey, contractor’s affidavit, and other items.

The Corporation has agreed not to execute or permit the performance of work or the furnishing of materials pursuant to change orders in excess of \$10,000 or that results in a delay of the completion date until approved by the Construction Consultant.

The Construction Consultant may be removed at any time by act of the Majority of the Holders by written notice to the Construction Consultant, the Bond Trustee and the Issuer.

Owner Representative

Gallo Architects & Development Consultants Inc. d/b/a Gallo Herbert Architects is the Owner Representative (the “Owner Representative”) for the 2021 Project as has been an owner’s representative for the Community since 2010. The Owner Representative was founded in 1988 by William J. Gallo, AIA. Prior to the formation of the Owner Representative, Mr. Gallo founded an architecture and construction management firm in 1973 with offices in New Jersey, Pennsylvania and Florida, specializing in residential, healthcare, long-term care design and educational facilities. The Owner Representative provides feasibility analysis, design professional selection, construction manager selection, concept design, schedule & budget control, document coordination, code compliance oversight and contract administration during construction of the 2021 Project as well as other ongoing projects at the Community. Listed as one of the top 25 architecture firms by South Florida Business Journal (2020), the Owner Representative has experience as an owner’s representative for universities, Florida cities, hospitals and senior care projects.

Regulatory Permits and Approvals

The permitting process with respect to the 2021 Project has multiple components that are predominantly administered through two regulatory entities: (i) Broward County, which is responsible for review of environmental resource management, stormwater management, elevator safety and demolition as these relate to potential pollutants and (ii) the City, through its Planning & Zoning, Engineering and Building departments. The process is sequential in that the City cannot issue any permits for construction until all Broward County agencies have approved of their

portions of the permit application. This process is necessary for all permits. The permit process for the 2021 Project Westlake Tower is complete and, upon payment of permit fees, the building permit will be issued.

Reimbursement of Capital Expenditures

The Corporation has funded certain soft costs and early works agreements in conjunction with the 2021 Project. A portion of proceeds from the Bonds may reimburse the Corporation for these capital expenditures; the Corporation has also included \$5.5 million for the payment of capital expenditures arising in the ordinary course of business after closing of the Bonds.

FINANCIAL INFORMATION

Prior Bonds

The Corporation financed the construction of The Woodlands with the proceeds of the City's Pompano Beach, Florida Revenue Bonds (John Knox Village Project) Series 2015 (the "Series 2015 Bonds"), in the original aggregate principal amount of \$29,470,000, of which \$26,550,000 is outstanding as of September 30, 2021.

The Corporation financed the construction of the Pavilion and other improvements with the proceeds of the City's Pompano Beach, Florida Revenue Bonds (John Knox Village Project) Series 2020 (the "Series 2020 Bonds"), in the original aggregate principal amount of \$77,605,000, of which \$76,840,000 is outstanding as of September 30, 2021.

For the annual debt service requirements for the outstanding Series 2015 Bonds, the Series 2020 Bonds and the Bonds, see "ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS" in the front part of this Official Statement. The Series 2015 Bonds, the Series 2020 Bonds and the Bonds will be secured on a parity basis by obligations issued by the Corporation pursuant to the Master Indenture. See "SECURITY FOR THE BONDS" in the front part of this Official Statement.

Budgeting

The Corporation has a conservative fiscal policy which includes the prudent use of debt and maintenance of liquidity and is tightly managed through an extensive budget process. The annual operating budget has a Net Income goal, and the annual capital budget has a net cash flow goal. Each Director and Department Manager is involved in the development of the annual budget. Detailed budget narratives are required to support line item expenses. Full Time Equivalents ("FTE's") are reviewed in detail and adjusted for occupancy assumptions. Each month, Budget Variance Reports are reviewed by the Controller and distributed to Directors and Department Managers. Significant variances are noted, explanations and plans for corrective action are required to be returned to the Controller and Chief Financial Officer. Overtime is closely monitored and overtime reports are provided to each department on a bi-weekly basis. Occupancy is also reviewed on an on-going basis for shortfalls in Entrance Fees and maintenance fees compared to budget so adjustments to operations may be made on a pro-active basis.

Minimum Liquidity Reserve

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. Since the Master Indenture has a debt service reserve fund that will be held by the Master Trustee and that can only be used to pay principal and interest payments on the Bonds, the Corporation may use amounts held in the debt service reserve fund established under the Master Indenture to satisfy the statutory debt service reserve fund requirement.

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(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% 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 John Knox Village is able to meet its contractual obligations to provide continuing care.

The Corporation's Minimum Liquidity Reserve is held at Northern Trust and U.S. Bank National Association, and all funds are invested pursuant to written investment agreements, which calls for conservative investments consistent with the requirements of Chapter 651 of the Florida Statutes. See “FLORIDA REGULATION OF CONTINUING CARE FACILITIES” in the front part of this Official Statements.

Investments

The Corporation has adopted a formal investment policy (the “Investment Policy”) and investments of the Corporation are monitored by the Finance and Audit Committee. The primary investment objective for the Corporation's reserves is to preserve and enhance the purchasing power of the Corporation's assets. In addition, the Corporation seeks a long-term rate of return on investments that will grow its assets by an amount sufficient to offset inflation, required spending and program fees and expenses, over a full market cycle, while maintaining sufficient liquidity to meet obligations arising from planned activities. This is accomplished by utilizing a balanced strategy of equities, fixed income securities and cash equivalents in a mix which is conducive to participation in rising markets while allowing for adequate protection in falling markets. Subject to compliance with the provisions of the financing documents for the Corporation's outstanding bonds, the Corporation may change its Investment Policy at any time in accordance with its corporate documents. As of August 31, 2021, the overall portfolio mix is shown below:

Portfolio by Investment Type as of August 31, 2021

<u>Asset Class</u>	<u>Asset Balance</u>	<u>Actual Percentage of Portfolio</u>
Fixed Income	\$35,054,991	56%
Domestic Equity	18,404,663	29
Cash and Cash Equivalents	585,785	1
International Equity	5,222,824	8
Alternatives	<u>4,050,858</u>	<u>6</u>
Portfolio Total	\$ <u>63,319,121</u>	<u>100.00%</u>

The following are the policy targets as set forth in the Investment Policy:

Operating/Capital Improvement	Policy Normal Strategic Allocation	Lower Limit		Upper Limit
<u>Risk Asset Classes</u>				
Global Equities:				
United States	20%	14%	-	30%
Developed ex US	11%	7%	-	15%
Emerging Markets	4%	2%	-	6%
Total Global Equities	35%	23%	-	51%
High Yield Fixed Income	3%	0%	-	4%
Alternatives - Real Assets and Currency:				
Global Real Estate and Infrastructure	4%	2%	-	6%
Natural Resources and Currency	3%	0%	-	4%
Total Alternatives - Real Assets and Currency	7%	2%	-	9%
Alternatives - Other (may be illiquid):				
Hedge Funds	0%	0%	-	10%
Private Equity	0%	0%	-	0%
Private Real Estate	0%	0%	-	0%
Total Alternatives - Other	0%	0%	-	10%
Total Alternatives	7%	2%	-	19%
Total Risk Assets	45%			
<u>Risk Control Asset Classes</u>				
Fixed Income:				
US Investment Grade	50%	35%	-	65%
Inflation Protected Securities (IP)	3%	0%	-	6%
International and Emerging Markets	0%	0%	-	0%
Total Fixed Income	53%	35%	-	70%
Cash and Equivalents	2%	0%	-	10%
Total Risk Control Assets	55%			

Financial Statements and Summary Financial Information

The Corporation maintains its financial records on the basis of a fiscal year ending December 31. The consolidated audited financial statements of JKV Companies and related footnote disclosures for the fiscal year ended December 31, 2020, 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 JKV Companies for the years ended December 31, 2020 and December 31, 2019 which were derived from the JKV Companies' consolidated audited financial statements, as well as unaudited eight-month financial statements as of August 31, 2021 and August 31, 2020.

The following are the consolidated balance sheets for Fiscal Years ended 2019 and 2020 (audited) as well as eight months ended August 31, 2020 and August 31, 2021 (unaudited).

CONSOLIDATED BALANCE SHEETS	Fiscal Year Ended December 31 (Audited)		Eight Months Ended August 31 (Unaudited)	
	2019	2020	2020	2021
ASSETS				
Cash & Cash Equivalents	\$9,137,271	\$11,994,608	\$7,690,988	\$5,302,697
Accounts Receivable, Net	3,497,865	2,327,577	2,432,098	2,607,890
Notes Receivable	1,426,950	1,041,271	832,196	506,470
Prepaid Expenses and Other-Current	1,063,316	2,158,036	1,095,114	2,126,648
Assets LTD as to use, current portion	3,539,102	9,046,693	3,516,606	8,057,889
TOTAL CURRENT ASSETS	18,664,504	26,568,185	15,567,002	18,601,594
Investments	49,949,871	42,653,290	40,942,646	41,544,361
Investments, limited as to use, net of current portion	31,660,551	69,304,268	33,434,314	59,091,187
Property and Equipment, Net	109,334,296	125,928,620	115,908,053	139,766,384
Other Assets	265,917	175,731	175,698	200,489
TOTAL ASSETS	\$209,875,139	\$264,630,094	\$206,027,713	\$259,204,015
LIABILITIES				
Accounts Payable	\$3,155,629	\$7,865,037	\$3,743,235	\$2,259,015
Accrued Expenses and Other Current	1,286,023	3,021,244	4,268,459	5,940,163
Accrued Payroll	1,993,572	2,972,161	3,033,030	3,449,127
Current Portion of Long-Term Debt	1,710,000	1,415,000	1,755,000	810,232
TOTAL CURRENT LIABILITIES	8,145,224	15,273,442	12,799,724	12,458,537
Long Term Debt Net of Current	59,771,960	104,772,591	57,165,547	104,582,546
Accrued payroll, noncurrent	-	673,450	252,600	1,290,934
Unearned Entrance Fees	78,145,510	77,298,857	74,631,440	77,942,019
Annuity Payment Liability	1,078,185	1,001,793	1,056,166	1,001,794
TOTAL LIABILITIES	147,140,879	199,020,133	145,905,477	197,275,830
NET ASSETS				
Without donor restrictions	49,214,189	50,108,567	45,962,714	45,589,999
With donor restrictions	13,520,071	15,501,394	14,159,522	16,338,186
TOTAL NET ASSETS	62,734,260	65,609,961	60,122,236	61,928,185
TOTAL LIABILITIES AND NET ASSETS	\$209,875,139	\$264,630,094	\$206,027,713	\$259,204,015

The following is the consolidated statement of operations for Fiscal Years ended 2019 and 2020 (audited) as well as eight months ended August 31, 2020 and August 31, 2021 (unaudited).

CONSOLIDATED STATEMENT OF OPERATIONS	Fiscal Year Ended December 31 (Audited)		Eight Months Ended August 31 (Unaudited)	
	2019	2020	2020	2021
Net Assets without donor restrictions:				
Core Services Revenue				
Independent Living	\$22,070,856	\$21,180,187	\$13,781,676	\$15,126,015
Healthcare Services	19,794,386	16,993,790	11,111,143	11,909,568
Dining Services	1,113,853	3,181,011	2,285,630	2,111,010
Home Health	5,193,861	5,181,720	3,553,551	3,644,715
Assisted Living	1,927,086	1,927,283	1,246,297	1,367,529
Other core stimulus	-	1,752,079	-	-
Core Services Revenue	50,100,042	50,216,070	31,978,297	34,158,837
Core services expenses				
Independent Living	11,354,936	11,484,319	7,589,726	8,110,674
Patient Care	18,796,879	18,635,845	12,541,592	11,676,948
Dining Services	6,189,386	5,727,286	3,651,706	4,207,687
Home Health	5,169,477	5,031,514	3,330,957	3,541,707
Assisted Living	1,732,434	1,705,993	1,193,443	1,140,459
General and Administration	9,886,991	10,639,149	7,214,586	7,433,767
Fundraising	242,868	338,496	201,207	995,881
Core Services Expenses	53,372,971	53,562,602	35,723,217	37,107,123
Core Services Expenses over Revenue	(3,272,929)	(3,346,532)	(3,744,920)	(2,948,286)
Investment Income, net	1,544,543	1,061,693	639,819	593,044
Realized gains on investments, net	2,417,674	3,199,739	2,859,598	128,545
Unrealized gains (losses) on trading investments, net	5,575,932	1,221,040	(907,869)	2,057,944
Amortization of entrance fees	11,767,236	13,019,120	7,915,957	6,810,582
Other revenue	514,981	415,602	517,651	932,761
Contributions	85,705	188,989	169,528	362,652
Net assets released from restrictions	303,923	283,632	231,332	31,038
Total other operating revenue	22,209,994	19,389,815	11,426,016	10,916,566
Other operating expenses:				
Depreciation	11,599,355	11,463,268	8,742,710	9,201,093
Interest	1,664,209	1,684,317	1,140,836	686,464
Loss on extinguishment of debt	-	144,397	-	-
Other Consulting	1,204,819	1,200,280	727,117	967,321
Other	289,401	663,114	321,908	1,632,122
Total other operating expenses	14,757,784	15,155,376	10,932,571	12,487,000
Total other operating revenue in excess of expenses	7,452,210	4,234,439	493,445	(1,570,434)
Excess of revenue over expenses	4,179,281	887,907	(3,251,475)	(4,518,568)
Other changes in net assets without donor restrictions				

	Fiscal Year Ended December 31 (Audited)		Eight Months Ended August 31 (Unaudited)	
Net assets released from restrictions used for the purchase of property and equipment	390,783	6,471	-	-
Increase in net assets without donor restrictions	4,570,064	894,378	(3,251,475)	(4,518,568)
Changes in net assets with donor restrictions				
Contributions	953,659	978,276	465,682	562,383
Investment income and realized gains and (losses), net	217,098	291,352	91,136	79,040
Unrealized gains (losses) on investments, net	1,565,093	1,054,973	381,559	257,258
Net assets released from restrictions	(694,706)	(290,103)	(231,332)	(31,038)
Change in value of split-interest agreements	9,795	(53,175)	(67,594)	(30,851)
Increase (decrease) in net assets with donor restrictions	2,050,939	1,981,323	639,451	836,792
Increase (decrease) in total net assets	\$ 6,621,003	\$ 2,875,701	\$(2,612,024)	\$(3,681,776)

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The following are the cash flow statements for fiscal years 2019 and 2020 (audited) as well as the cash flow statements for eight months ended August 31, 2020 and August 31, 2021 (unaudited):

	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	2019	2020	8/31/2021	8/31/2020
Cash flows from operating activities:				
Change in net assets	6,621,003	2,875,701	(3,681,776)	(2,412,463)
Adjustments to reconcile change in net assets to cash provided by operating activities:				
Amortization of entrance fees	(11,767,236)	(13,019,120)	(6,810,583)	(7,915,957)
Entrance fees and other fees received	13,234,113	10,146,465	7,634,101	4,582,244
Proceeds from restricted contributions	(953,659)	(978,276)	(562,383)	(465,682)
Depreciation	11,599,355	11,483,268	9,201,094	8,742,710
Amortization of deferred financing costs	70,960	91,007	6,378	42,098
Amortization of bond premium	(124,487)	(132,141)	(196,421)	(82,334)
Loss on extinguishment of debt	-	144,397	-	-
Change in value of split-interest agreements	(345,072)	(25,345)	(30,851)	(25,345)
Changes in operating assets and liabilities:				
Accounts receivable	1,538,089	1,170,288	(280,313)	1,068,529
Notes receivable	185,910	2,675,599	534,801	594,754
Prepaid and other	(394,092)	(1,004,534)	6,630	58,421
Accounts payable	314,518	5,036,108	(5,606,022)	587,606
Accrued expenses	(268,495)	3,387,260	4,013,373	4,229,950
Annuity payment liabilities	(291,777)	(76,392)	-	(22,019)
Net cash provided by operating activities	19,419,150	21,754,285	4,228,028	8,982,512
Cash flows from investing activities:				
Net change in investments	-334,3638	7296581	1,108,927	8,849,446
Net change in assets limited as to use	-4262394	-2306130	(24,874,621)	(4,073,969)
Purchases of property and equipment	-17220078	-28384292	(23,038,858)	(15,316,467)
Net cash provided by investing activities	(24,826,110)	(23,393,841)	(46,804,552)	(10,540,990)
Cash flows from financing activities:				
Net (payment) borrowing on line of credit	8,892,164	(12,985,914)	-	(811,177)
Payment of debt issuance cost	-	(986,959)	-	-
Proceeds from issuance of debt	-	79,380,241	-	-
Principal payments on long-term debt	(1,670,000)	(20,785,000)	(573,919)	(1,684,655)
Proceeds from restricted contributions	953,659	978,276	562,383	465,682
Entrance fees refunded	(133,898)	(263,918)	(180,357)	(180,357)
Net cash provided by financing activities	8,041,925	45,316,726	(191,893)	(2,210,507)
Net increase (decrease) in cash and cash equivalents and restricted cash	2,634,965	43,677,170	(42,768,417)	(3,768,985)
Cash and cash equivalents and restricted cash:				
Beginning of year	9,816,868	12,451,833	56,129,003 *	12,451,833
End of period	12,451,833	56,129,003	13,360,586	8,682,848
Reconciliation of cash and cash equivalents and restricted cash:				
Cash and cash equivalents	9,137,271	11,994,608	13,360,586	7,690,988
Assets limited as to use	3,314,562	44,134,395	-	991,860
Total cash and cash equivalents and restricted cash	12,451,833	56,129,003	13,360,586	8,682,848

Debt Service Coverage Ratio

The following table sets forth the Corporation's Historical Debt Service Coverage Ratios based upon the audited financial statements of the Corporation for the past two fiscal years. Historical Actual Annual Debt Service for fiscal years' Historical Debt Service Coverage Ratio are calculated in accordance with the Master Indenture, which allows for the inclusion of additional interest only after one full year has passed from the time the amenity, sponsored by the debt has been placed into service or if the amenity includes additional Independent Living Units the amenity is stabilized.

	Fiscal Year Ended December 31,		August 31,
	<u>2019</u>	<u>2020</u>	<u>2021</u>¹
Income Available for Debt Service ²	\$12,498,152	\$15,471,508	\$4,718,078
Historical Actual Annual Debt Service ³	3,565,000	1,859,538	1,239,692
Historical Debt Service Coverage Ratio	3.5	8.3	2.5
Historical Debt Service Coverage Ratio Requirement	1.2	1.2	1.2

¹ Based on January 1, 2021 - August 31, 2021 results, YTD.

² Obligated Group only.

³ The Master Indenture tests Long-Term Debt Service Coverage Ratio on an actual basis. Data for 2019 represents actual annual debt service on the outstanding Series 2010 and 2015 bonds at that time. Data for debt service in 2020 represents debt service on the Series 2015 Bonds; debt service on the Series 2020 Bonds is excluded from the calculation of debt service until the first full Fiscal Year commencing after the Fiscal Year in which the Pavilion Project has been placed in service. For August 31, 2021 the Annual Debt Service figure reflects eight months of Maximum Annual Debt Service for the Series 2015 Bonds.

Days Cash on Hand

The Corporation has undergone a 5-year transformation using unrestricted cash and investment. In the years ending December 31st, 2018/2019/2020 the Corporation used \$63,354,761 of unrestricted cash. That would equate to 408 days of cash at \$155,000 daily cash (approximates the Corporations daily cash expenses). This annual self-funded capital spend is winding down and the Corporation anticipates capital spend to be near \$10,500,000 at the 2021 fiscal year end. In addition, the Corporation expects to be repaid nearly \$5.5 million from bond proceeds for cash used for soft costs and early works packages for the Westlake Tower Project.

	<u>As of</u>	<u>As of</u>
	<u>December 31, 2019</u>	<u>December 31, 2020</u>
Days Cash on Hand, (including the Minimum Liquidity Reserve)	519	502

* Management estimates that Days Cash on Hand will be approximately 447 as of December 31, 2021.

Management Discussion and Analysis of the Fiscal Years ending December 31, 2019, and 2020 and the 8-month period ending August 31, 2021.

The Corporation has undergone a transformation over the last several years that has included the implementation of the new Greenhouse Model of elder care in our health system. This can be seen in the actualization of increased healthcare revenue between 2019 and 2020. In addition, the renovation and repositioning efforts surrounding lifestyle have resulted in higher entrance fee and independent living occupancy during the pandemic. This internally funded repositioning has included the new Sales and Innovation Center, Aquatic Complex, Seaside Cove Greenhouse Homes, Fitness Studio and Glades Grill. Larger projects, such as the Woodlands Homes in 2015, the Pavilion project in 2020, and now the Westlake Project in 2021-22, each funded with debt.

Operations had improved in 2019 but continue to be adversely affected by the COVID-19 pandemic which started March 2020. The Corporation first saw a drop in healthcare occupancy in 2020 and has not recovered completely to date, the results of which are material declines in healthcare occupancy and related revenue. The Corporation anticipates a return to normalcy over time but as of August 31, 2021, two of the 14 Woodlands homes remain closed at 77% occupancy, compared with 90% in January and February 2020. Federal stimulus funds did not replace all the lost revenues in the 18 months from March 2020 until August 2021.

In Fiscal Years 2019 and 2020, the Corporation closed over 63% of its units in the second half of each Fiscal Year. The Corporation anticipates that it will have 29 units closed between September 1, 2021 and December 31, 2021, which is estimated to equate to \$7,807,500 in net entrance fees.

Fiscal Quarters ended August 31, 2021

For the 8-month period ending August 31, 2021, core operations resulted in net loss (i.e., costs in excess of revenues) of \$2,948,286. The loss can be attributed to lower than budgeted healthcare revenues as two Woodlands Homes (24 beds) were closed for the 8-month reporting period primarily due to COVID-19. With an average daily rate of \$300/day and 90% occupancy that resulted in lost revenue of \$2,365,200. The Corporation also temporarily closed the Bistro Dining (required as it is in a Healthcare building) and catering services. The lower dining revenues are reflective of this temporary closing to control infection and compliance. Bistro Dining is now open but catering services have been curtailed.

Independent Living Unit Occupancy averaged 90% for the first eight months and is expected to be at 93% by December 31, 2021, with the scheduled closings of 29 independent living sales in the last four months of the calendar year. Closed sales of 35 units during the 8 month period generated \$9,574,297 of unrestricted cash with an expected addition of \$7,807,500 from the 29 expected closings in the final four months. The average entrance fee received has increased from \$171,978 in 12-month period ending December 31, 2020, to \$273, 551 for the 8-month period ending August 31, 2021. This 59% increase in average entrance fee is reflective of a robust housing market in South Florida and strong demand for our product and lifestyle and a larger percentage of 2 bedrooms sold in 2021 as compared to 2020.

The operating losses (i.e., “core services expenses over revenue” in the consolidated statement of operations) have been offset by investment income of \$2,858,573 keeping the Days Cash on Hand at attractive levels.

Fiscal Year Ended December 31, 2020

For the fiscal year ended December 31, 2020, core operations resulted in a net loss (i.e., costs in excess of revenues) of \$3,346,532 as compared to a loss of \$3,272,929 for the same period in fiscal year 2019. Investment income totaled \$5,773,824 in the 2020 12-month period as compared with \$9,755,247 for the comparable period in 2019. The investment income more than offset the operating loss (i.e., “core services expenses over revenue” in the consolidated statement of operations) allowing for positive change in net assets of \$2,875,701 in the 12 months ending December 31, 2020, and \$6,621,003 in the 12 months ending December 31, 2019.

Move-ins totaled 59 for the fiscal year 2020 generating revenues of \$10,146,465, which was significantly lower than the budgeted amount of \$17,900,000 which assumed 74 sales. Turnover of 61 units resulted in stable occupancy of 92% on average. Occupancy in Assisted Living and Health care declined due to the pandemic.

Overall, Fiscal Year 2020 was deeply impacted by the pandemic. The COVID virus had an adverse effect on sales of Independent Living Units and healthcare services revenue. This was offset by investment income which allowed for an overall increase in Net Assets.

Fiscal Year Ended December 31, 2019

For the fiscal year ended December 31, 2019, core operations resulted in a net loss (i.e., costs in excess of revenues) of \$3,272,929 as compared to a loss of \$3,804,029 for the same period in fiscal year 2018. Investment income totaled \$9,775,795 in the 2019 12-month period as compared with an investment loss of \$2,981,379 for the comparable period in 2018. The gain of investment income in 2019 more than offset the operating loss (i.e., “core services expenses over revenue” in the consolidated statement of operations) resulted in an increase in net assets of \$6,621,003 for the 12 months ending December 31, 2019.

Move-ins totaled 62 for the fiscal year 2019 generating revenues of \$13,234,113 for an average entrance fee price of \$213,453. Turnover of 65 units resulted in stable occupancy of 90% on average. Unrestricted cash and investment grew by \$6,707,593 mainly from investment gains. Health care occupancy was strong in this pre-pandemic

year at 94% adding to the increase in core service revenues (up \$2,026,999 or 4.2%) outpacing increases in core services expenses (up \$1,623,770 or 3.1%). The Corporation also began to see a shift in Health care census from life plan beds to private pay beds.

Overall, in Fiscal Year 2019, core services expenses over revenue improved, investment income was strong, unit sales saw an increase in the average entrance fee and occupancy remained strong. Net assets grew \$6,621,003.

APPENDIX B

AUDITED FINANCIAL STATEMENTS

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John Knox Village of Florida, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2020

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Independent Auditor's Report

Board of Directors
John Knox Village of Florida, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of John Knox Village of Florida, Inc. and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 Corporation'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 Corporation'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 John Knox Village of Florida, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit of the supplementary schedules was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended December 31, 2020 as a whole. The consolidating schedules are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information as of and for the year ended December 31, 2020 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended December 31, 2020 is fairly stated in all material respects in relation to the financial statements as a whole.

RSM VS LLP

Fort Lauderdale, Florida
May 17, 2021

John Knox Village of Florida, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,994,608	\$ 9,137,271
Accounts receivable, net	2,327,577	3,497,865
Notes receivable	1,041,271	1,426,950
Prepaid expenses and other	2,158,036	1,063,316
Assets limited as to use, current portion	9,046,693	3,539,102
Total current assets	26,568,185	18,664,504
Investments	42,653,290	49,949,871
Assets limited as to use, net of current portion	69,304,268	31,660,551
Property and equipment, net	125,928,620	109,334,296
Other assets	175,731	265,917
Total assets	\$ 264,630,094	\$ 209,875,139
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 7,865,037	\$ 3,155,629
Accrued payroll	3,021,244	1,993,572
Accrued expenses	2,972,161	1,286,023
Current portion of long-term debt	1,415,000	1,710,000
Total current liabilities	15,273,442	8,145,224
Long-term debt, net	104,772,591	59,771,960
Accrued payroll, noncurrent	673,450	-
Unearned entrance fees	77,298,857	78,145,510
Annuity payment liabilities	1,001,793	1,078,185
Total liabilities	199,020,133	147,140,879
Net assets:		
Without donor restrictions	50,108,567	49,214,189
With donor restrictions	15,501,394	13,520,071
Total net assets	65,609,961	62,734,260
Total liabilities and net assets	\$ 264,630,094	\$ 209,875,139

See notes to consolidated financial statements.

John Knox Village of Florida, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets Years Ended December 31, 2020 and 2019

	2020	2019
Net assets without donor restrictions:		
Core services revenue:		
Independent living	\$ 21,180,187	\$ 22,070,856
Healthcare services	16,993,790	19,794,386
Dining services	3,181,011	1,113,853
Home health	5,181,720	5,193,861
Assisted living	1,927,283	1,927,086
Other core stimulus	1,752,079	-
Core services revenue	50,216,070	50,100,042
Core services expenses:		
Independent living	11,484,319	11,354,936
Healthcare services	18,635,845	18,796,879
Dining services	5,727,286	6,189,386
Home health	5,031,514	5,169,477
Assisted living	1,705,993	1,732,434
General and administration	10,639,149	9,886,991
Fundraising	338,496	242,868
Core services expenses	53,562,602	53,372,971
Core services expenses over revenue	(3,346,532)	(3,272,929)
Other operating revenue:		
Investment income, net	1,061,693	1,544,543
Realized gains on investments, net	3,199,739	2,417,674
Unrealized gains on trading investments, net	1,221,040	5,575,932
Amortization of entrance fees	13,019,120	11,767,236
Other revenue	415,602	514,981
Contributions	188,989	85,705
Net assets released from restrictions	283,632	303,923
Total other operating revenue	19,389,815	22,209,994
Other operating expenses:		
Depreciation	11,463,268	11,599,355
Interest	1,684,317	1,664,209
Loss on extinguishment of debt	144,397	-
Other consulting	1,200,280	1,204,819
Other	663,114	289,401
Total other operating expenses	15,155,376	14,757,784
Total other operating revenues in excess of expenses	4,234,439	7,452,210
Excess of revenue over expenses	887,907	4,179,281
Other changes in net assets without donor restrictions:		
Net assets released from restrictions used for the purchase of property and equipment	6,471	390,783
Increase in net assets without donor restrictions	894,378	4,570,064
Net assets with donor restrictions:		
Contributions	978,276	953,659
Investment income and realized gains and losses, net	291,352	217,098
Unrealized gains on investments, net	1,054,973	1,565,093
Net assets released from restrictions	(290,103)	(694,706)
Change in value of split-interest agreements	(53,175)	9,795
Increase in net assets with donor restrictions	1,981,323	2,050,939
Increase in net assets	2,875,701	6,621,003
Net assets:		
Beginning of year	62,734,260	56,113,257
End of year	\$ 65,609,961	\$ 62,734,260

See notes consolidated financial statements.

John Knox Village of Florida, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,875,701	\$ 6,621,003
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of entrance fees	(13,019,120)	(11,767,236)
Entrance fees and other fees received	10,146,465	13,234,113
Proceeds from restricted contributions	(978,276)	(953,659)
Depreciation	11,463,268	11,599,355
Amortization of deferred financing costs	91,007	70,960
Amortization of bond premium	(132,141)	(124,467)
Loss on extinguishment of debt	144,397	-
Change in value of split-interest agreements	(25,345)	(345,072)
Changes in operating assets and liabilities:		
Accounts receivable	1,170,288	1,538,089
Notes receivables	2,675,599	185,910
Prepaid expenses and other	(1,004,534)	(394,092)
Accounts payable	5,036,108	314,518
Accrued expenses	3,387,260	(268,495)
Annuity payment liabilities	(76,392)	(291,777)
Net cash provided by operating activities	21,754,285	19,419,150
Cash flows from investing activities:		
Net change in investments	7,296,581	(3,343,638)
Net change in assets limited as to use	(2,306,130)	(4,262,394)
Purchases of property and equipment	(28,384,292)	(17,220,078)
Net cash used in investing activities	(23,393,841)	(24,826,110)
Cash flows from financing activities:		
Net (payment) borrowing on line of credit	(12,985,914)	8,892,164
Payment of debt issuance cost	(986,959)	-
Proceeds from issuance of debt	79,360,241	-
Principal payments on long-term debt	(20,785,000)	(1,670,000)
Proceeds from restricted contributions	978,276	953,659
Entrance fees refunded	(263,918)	(133,898)
Net cash provided by financing activities	45,316,726	8,041,925
Net increase in cash and cash equivalents and restricted cash	43,677,170	2,634,965
Cash and cash equivalents and restricted cash:		
Beginning of year	12,451,833	9,816,868
End of year	\$ 56,129,003	\$ 12,451,833
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 11,994,608	\$ 9,137,271
Assets limited as to use	44,134,395	3,314,562
Total cash and cash equivalents and restricted cash	\$ 56,129,003	\$ 12,451,833
Supplemental disclosures of cash flows information:		
Promissory notes issued for entrance fees	\$ 3,716,870	\$ 1,426,950
Interest paid (net of amounts capitalized)	\$ 1,725,451	\$ 1,734,096
Property and equipment additions in accounts payable, including retainage	\$ 543,871	\$ 870,571

See notes to consolidated financial statements.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: John Knox Village of Florida, Inc. (the Village) was incorporated in February 1978 as a Florida nonprofit corporation to provide housing, health care and other related services to Elders through the operation of a retirement community. The Village currently consists of 666 independent living, 64 assisted living, and 194 private skilled nursing residences, located in Pompano Beach, Florida.

The Village wholly owns and operates a home health care agency, John Knox Home Health Agency, Inc. (the Agency), which is a for-profit entity established to provide home health services to the community and residents of the Village.

The John Knox Village of Florida Foundation, Inc. (the Foundation), a nonprofit corporation, is consolidated with the Village since the Village has an economic interest in the Foundation and common control exists. The Foundation holds various endowment funds and receives contributions for the sole support of the Village.

These consolidated financial statements include the accounts of the Village, the Agency, and the Foundation (collectively, the Corporation). All significant intercompany transactions and balances have been eliminated from these consolidated financial statements.

The Village operates under the “continuing care” concept in which residents enter into a continuing care agreement which requires payment of a one-time entrance fee and a monthly service fee. Generally, these payments entitle residents to the use and privileges of the Village for life, including certain skilled nursing services in the Village’s health care center. The continuing care agreement does not entitle the residents to an interest in the real estate or any property owned by the Village.

A summary of the Corporation’s significant accounting policies follows:

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenditures during the fiscal year. Actual results could differ from those estimates.

Basis of presentation: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Excess of revenues over expenses: The consolidated statements of operations and changes in net assets include excess of revenue over expenses, which is analogous to income from continuing operations of a for-profit enterprise. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses, includes change in value of split-interest agreements, net assets released from restrictions used for the purchase of property and equipment and unrealized losses on other than trading investments, net.

Unearned entrance fees and amortization of earned entrance fees: Entrance fees related to the sale of residency contracts are recorded as deferred revenue and are amortized to income over future periods based on the estimated life expectancy of the resident. The period of amortization is adjusted monthly based on the actuarially determined estimated remaining life expectancy of each individual, or joint and last survivor life expectancy of each pair of residents occupying the same unit. In the event of a resident's or surviving resident's death, or the termination of the occupancy agreement, the obligations of the Village are considered fulfilled, and the unamortized portion of the fee is recognized as revenue.

Entrance fee deposits represent amounts paid by prospective residents who have signed a continuing care agreement to reserve a specific living unit. These amounts are included in accrued expenses and are \$350,135 and \$104,530 as of December 31, 2020 and 2019, respectively. Initial deposits of \$2,500 are collected when a prospective resident joins the waitlist. The initial deposit is then increased to 5% of the entrance fee, and is collected when the occupancy agreement is signed. The balance of the entrance fee is payable at the time of occupancy. The Corporation will advance funds for entrance fees on behalf of a new resident. These notes receivables are considered to be short term with interest at 5% and are approximately \$732,000 and \$1,400,000 at December 31, 2020 and 2019, respectively. Prospective residents may request a deposit back at any time.

Upon occupancy, residents may cancel their continuing care agreements and move out at any time and generally receive a refund of the entrance fee, less a 5% administrative fee and 2% of the entrance fee prorated for each month of occupancy or right of occupancy by the resident. Payments of such refunds are charged against the residents' unamortized entrance fee and any resulting gain or loss is included in the consolidated statements of operations and changes in net assets. The aggregate contractual refund obligation was approximately \$24,368,000 and \$28,873,000 at December 31, 2020 and 2019, respectively.

In the event of a resident's death within 12 months of assuming occupancy, a refund of 50% of the entrance fee is paid to the resident's estate by the Village. If the resident dies after 12 months of assuming occupancy, the obligations of the Village are considered fulfilled and the unamortized portion of the fee is recognized as revenue. Potential contractual refund obligations due in the event of death was approximately \$5,004,000 and \$6,904,000 at December 31, 2020 and 2019, respectively.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash and cash equivalents: The Corporation considers all money market accounts and certificates of deposits with a maturity date of three months or less to be cash equivalents unless classified as restricted cash or assets limited as to use. The Corporation maintains its cash and cash equivalents and assets limited as to use in bank deposit accounts that may exceed federally-insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Accounts receivable: Accounts receivable from residents, third-party payers, and governmental agencies are based on net charges. An allowance for doubtful accounts detail is maintained by management with individual accounts that may be deemed uncollectible. This detail is developed using historical collection information and existing economic conditions. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. As of December 31, 2020 and 2019, the allowance for doubtful accounts was approximately \$742,000 and \$576,000, respectively.

Investments and assets limited as to use: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including interest and dividends), net gains or losses on the sales of investments and changes in unrealized gains and losses on investments are included in operating income unless restricted by donor or law. In accordance with the Corporation's investment policy, investment managers have been instructed to invest with a long-term strategy in order to accomplish these objectives. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could be material.

Assets limited as to use include restricted cash and investments held by trustees under indenture agreements, assets held in escrow, assets set aside by the boards for specific purposes, and assets set aside for the minimum liquid reserve requirements of the state of Florida. Amounts required to meet current liabilities of the Corporation have been reclassified to current assets in the consolidated balance sheets at December 31, 2020 and 2019.

Fair value measurements: Fair value measurements apply to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Corporation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Foundation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers or activity within investment levels in 2020 or 2019.

Property and equipment: Property and equipment are recorded at cost or if donated, at fair value at date of donation. Property and equipment donated for operations are recorded as additions to net assets without donor restrictions. All items with a cost of over \$1,000 or more than \$1,500 in the aggregate and an estimated useful life of one year or more are capitalized. Depreciation is computed on the straight-line method with six months depreciation in the first and last year and based on the estimated useful lives below. Expenditures for maintenance and repairs are charged to expense as incurred.

	Estimated Useful Life (Years)
Buildings and improvements	10-40
Furniture and equipment	5-7
Vehicle	3-5

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. During 2020 and 2019, the Corporation capitalized approximately \$439,000 and \$359,000 of interest expense, respectively.

Deferred financing costs: Deferred financing costs are amortized using the straight-line method, which approximates the effective interest method, over the terms of the related financing agreement. Amortization expense was approximately \$91,000 and \$71,000 for the years ended December 31, 2020 and 2019, respectively.

Estimated obligation to provide future services and use of facilities: The Village annually reviews the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of unearned entrance fees. If the present value of the net cost of future services and use of facilities exceeds the unearned entrance fees, a liability is recorded (obligation to provide future services). The obligation was discounted at 7% for December 31, 2020 and 2019. No liability has been recorded at December 31, 2020 and 2019, because the present value of the net cost of future services and use of facilities is less than unearned entrance fees.

Annuity payment liabilities: The Corporation has a charitable gift annuity program whereby the donor makes a gift to the Corporation and the Corporation agrees to pay a specified income to the beneficiary for life. These contracts are available to Village residents and others. The basis for the recognition of the asset is measured at fair value when received. Investments are limited to conservative assets authorized by Florida Statutes (the Statutes). The annual federal rate is the discount rate used to determine the present value of the expected future cash flows to be paid to the beneficiary.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Contribution revenue is recognized as the difference between the asset and the fair value of the annuity liability upon receipt of the donation. In subsequent periods, payments to the annuitant reduce the annuity liability. Adjustments to the annuity liabilities to reflect amortization of the discount and changes in the life expectancy of the donor are recognized in the consolidated statements of operations and changes in net assets as changes in the value of split-interest agreements. The annuity liabilities for the future cash flows expected to be paid to the annuitants was approximately \$1,002,000 and \$1,078,000 at December 31, 2020 and 2019, respectively.

Income taxes: The Village and Foundation are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Agency is a taxable Florida corporation. No deferred tax assets or liabilities have been recognized in the consolidated balance sheets as the amounts are not significant.

The Corporation's income tax returns are subject to review and examination by federal, state and local authorities. The Corporation is not aware of any activities that would jeopardize its tax-exempt status.

Recent accounting pronouncements: In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedient and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates ("IBORs") and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. This accounting standards update provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. The ASU is effective for the Corporation for the annual reporting period beginning after December 15, 2023, with early adoption permitted. The potential adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

Reclassification: Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Subsequent events: In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 17, 2021, the date the consolidated financial statements were issued.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Core Services Revenue

Core services revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing its core services consisting of independent living, healthcare services, dining services, home health, assisted living and other core stimulus (see Note 14). Service fees paid by residents for maintenance, meals, home health and other services are assessed monthly and are recognized as revenue in the period services are rendered. Healthcare services provided in the skilled nursing facility are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the facility receiving skilled nursing services or housing residents receiving services in the facility. The Corporation considers daily services provided to patients of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and/or implicit price concessions provided to patients. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

The Corporation grants credit without collateral to its patients, most of whom are local individuals and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at December 31, 2020 and 2019:

	2020	2019
Medicare	50%	30%
Medicaid	1%	2%
Residents and other third-party payers	49%	68%
Total	100%	100%

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Core Services Revenue (Continued)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid: The Corporation's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for patients who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

The Corporation's licensed nursing facility participates in the Medicaid program which is administered by the Florida Agency for Health Care Administration. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined daily rates based, in part, on reasonable costs, as defined and limited by the Medicaid program.

Other: Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an explicit price concession impacting transaction price were not significant in 2020 or 2019.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to patient services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2020 and 2019. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement and timing of when revenue is recognized.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Core Services Revenue (Continued)

The composition of core services revenue by primary payor for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Medicare	\$ 13,625,885	\$ 12,790,747
Medicaid	783,717	961,310
Private	31,632,735	35,071,032
Provider relief funds	1,752,079	-
Other	2,421,654	1,276,953
	<u>\$ 50,216,070</u>	<u>\$ 50,100,042</u>

Revenue from patient's deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of core services revenue based on the Corporation's method of reimbursement and timing of revenue recognition for the years ended December 31, 2020 and 2019, are as follows:

	2020	2019
Method of reimbursement:		
Monthly service fees	\$ 23,107,470	\$ 22,003,914
Fee for service	22,175,510	25,002,384
Other	4,933,090	3,093,744
	<u>\$ 50,216,070</u>	<u>\$ 50,100,042</u>
Timing of revenue and recognition of core services;		
Transferred over time	<u>\$ 50,216,070</u>	<u>\$ 50,100,042</u>

Financing Component

The Corporation has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patients, residents and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient or resident and the time that the patient, resident or a third-party payor pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use at December 31, 2020 and 2019, are as follows:

	2020	2019
Cash and cash equivalents	\$ 44,134,395	\$ 3,314,562
Corporate obligations	25,509,470	20,374,932
U.S. Government obligations	18,399,271	26,116,775
Equities	27,736,255	29,460,165
Mutual funds	5,075,472	5,685,621
Interest receivable	149,388	197,469
Total	<u>\$ 121,004,251</u>	<u>\$ 85,149,524</u>

Assets limited as to use at December 31, 2020 and 2019, are as follows:

	2020	2019
Reserve fund to meet the state of Florida minimum liquid reserve requirement	\$ 18,015,949	\$ 16,492,094
Trustee held funds under bond agreements:		
2010 Debt Service Reserve	-	1,559,617
2015 Debt Service Reserve	1,897,166	1,889,079
2020 Debt Service Reserve	4,291,192	-
Construction Fund – 2020 Bond	34,167,761	-
Cost of Issuance Fund – 2020 Bond	176,853	-
Funds held in escrow for:		
Deposits received from future residents	2,043,119	1,181,555
Other	2,681,480	95,462
Internally designated for charitable gift Annuity program	1,813,667	1,844,425
Donor designated for:		
Scholarship fund for employee scholarship assistance	436,184	409,309
Cason scholarship and benevolent fund for employee education and resident assistance	595,539	573,169
Bequests and gifts fund for village improvements and resident assistance	4,017,756	3,725,502
Benevolence endowment fund to provide income for resident assistance	7,403,590	6,697,696
Chapel maintenance endowment fund to provide income for chapel maintenance	810,705	731,745
	<u>78,350,961</u>	<u>35,199,653</u>
Less current portion	(9,046,693)	(3,539,102)
Total	<u>\$ 69,304,268</u>	<u>\$ 31,660,551</u>

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Investments and Assets Limited as to use (Continued)

Investment income from assets limited as to use and other investments are comprised of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividend income	\$ 1,353,045	\$ 1,761,641
Unrealized gains, net – trading securities	2,276,013	7,141,025
Realized gains, net	3,199,739	2,417,674
Total	<u>\$ 6,828,797</u>	<u>\$ 11,320,340</u>

Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 11,994,608	\$ 9,137,271
Investments	76,008,046	68,548,721
Accounts receivable	2,327,577	3,497,865
Total financial assets available to meet liquidity needs	<u>\$ 90,330,231</u>	<u>\$ 81,183,857</u>

Included in assets limited as to use are funds available to meet the state of Florida minimum liquid reserve requirement. Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Note 5. Fair Value Measurements

The Corporation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Corporation measures fair value refer to Note 1 – Nature of Business and Significant Accounting Policies.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table presents the fair value hierarchy for the balances of financial assets and liabilities of the Corporation measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Investments and assets limited as to use:				
Corporate obligations	\$ -	\$ 25,509,470	\$ -	\$ 25,509,470
U.S. Government obligations	-	18,399,271	-	18,399,271
Equities	27,736,255	-	-	27,736,255
Mutual funds	5,075,472	-	-	5,075,472
Total limited as to use	<u>\$ 32,811,727</u>	<u>\$ 43,908,741</u>	<u>\$ -</u>	76,720,468
Interest receivable				149,388
Cash and cash equivalents				<u>44,134,395</u>
Total investments and assets limited as to use				<u>\$ 121,004,251</u>
	2019			
	Level 1	Level 2	Level 3	Total
Investments and assets limited as to use:				
Corporate obligations	\$ -	\$ 20,374,932	\$ -	\$ 20,374,932
U.S. Government obligations	-	26,116,775	-	26,116,775
Equities	29,460,165	-	-	29,460,165
Mutual funds	5,685,621	-	-	5,685,621
Total limited as to use	<u>\$ 35,145,786</u>	<u>\$ 46,491,707</u>	<u>\$ -</u>	81,637,493
Interest receivable				197,469
Cash and cash equivalents				<u>3,314,562</u>
Total investments and assets limited as to use				<u>\$ 85,149,524</u>

Note 6. Property and Equipment

The components of property and equipment at December 31, 2020 and 2019, are as follows:

	2020	2019
Land and improvements	\$ 12,358,291	\$ 12,358,291
Buildings and improvements	160,704,866	156,488,526
Furniture and equipment	30,609,340	30,566,462
Vehicles	865,847	844,099
Projects in progress	35,285,982	11,556,627
Total	<u>239,824,326</u>	<u>211,814,005</u>
Less accumulated depreciation	<u>(113,895,706)</u>	<u>(102,479,709)</u>
Total	<u>\$ 125,928,620</u>	<u>\$ 109,334,296</u>

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Property and Equipment (Continued)

Depreciation expense related to property and equipment totaled approximately \$11,463,000 and \$11,599,000 for the years ended December 31, 2020 and 2019, respectively.

Projects in progress at December 31, 2020 and 2019, consisted primarily of amounts related to the construction of a pavilion and aquatic center and various improvement projects around campus. As of December 31, 2020, the Corporation has entered into commitments amounting to approximately \$16,296,000 related to various construction and improvement projects throughout the campus, including the pavilion.

Note 7. Long-Term Debt

Long-term debt at December 31, 2020 and 2019, is as follows:

Description	2020	2019
City of Pompano Beach, Florida Revenue and Revenue Refunding Bonds (John Knox Village Project), Series 2020 (Series 2020 Bonds); interest due semi-annually with interest rates ranging from 3.25% to 5.00%; principal commencing annually on September 1, 2021 through 2050	\$ 77,605,000	\$ -
City of Pompano Beach, Florida Revenue Bonds (John Knox Village of Florida, Inc. Project), Series 2015 (Series 2015 Bonds); interest due semi-annually with interest rates ranging from 2.875% to 5.000%; principal commencing annually on September 1, 2016 through 2044.	26,550,000	27,175,000
Line of credit entered into July 2018. Interest is payable monthly at a variable interest rate of Overnight London Interbank Offered Rate (LIBOR) plus 1%.	-	12,985,914
City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds (John Knox Village of Florida, Inc. Project), Series 2010 (Series 2010 Bonds); which was paid in full with proceeds from the Series 2020 Bonds	-	20,160,000
Total long-term debt	104,155,000	60,320,914
Plus: unamortized premium	3,501,534	1,878,434
Less unamortized deferred financing costs	(1,468,943)	(717,388)
Less current portion	(1,415,000)	(1,710,000)
Long-term debt, net	<u>\$ 104,772,591</u>	<u>\$ 59,771,960</u>

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt (Continued)

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:

2021	\$ 1,415,000
2022	1,980,000
2023	2,055,000
2024	2,135,000
2025	2,220,000
Thereafter	94,350,000
Total	<u>\$ 104,155,000</u>

On February 12, 2015, the City of Pompano Beach issued the Series 2015 Bonds in the amount of \$29,470,000. Interest on the bonds is fixed and payable semi-annually on March 1st and September 1st of each year, commencing September 1, 2015. Principal on the bonds is payable annually on September 1st of each year, commencing September 1, 2016 through 2044. The bonds are secured by the Obligated Group through a gross revenue pledge and a mortgage on the property. The Village is the only member of the Obligated Group. The proceeds from the bonds were used to reimburse the Village for certain prior capital improvements, to fund the construction of a 144 residence skilled nursing center on its campus, to fund a debt service reserve fund and to pay the costs of issuance of the Series 2015 Bonds.

On October 1, 2020, the City of Pompano Beach issued the Series 2020 Bonds in the amount of \$77,605,000. Interest on the bonds is fixed and payable semi-annually on March 1st and September 1st of each year, commencing March 1, 2021. Principal on the bonds is payable annually on September 1st of each year, commencing September 1, 2021 through 2050. The bonds are secured by the Obligated Group through a gross revenue pledge and a mortgage on the property. The Village is the only member of the Obligated Group. The proceeds from the bonds were used to reimburse the Village for certain prior capital improvements, to fund the construction of a new community pavilion and other improvements, refund the Series 2010 Bonds and certain previous draws on a line of credit, a debt service reserve fund and to pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds and Series 2015 Bonds are secured under a master trust indenture whereby the Village has granted the master trustee a security interest in all gross revenues of the Village, all assets held by the trustee on behalf of the Village and substantially all property of the Village.

In July 2018, the Village entered a line of credit agreement that allows for a maximum borrowing amount of \$13,500,000. The line of credit was paid down with proceeds from the Series 2020 Bonds and the credit agreement was terminated.

The Village is required to maintain certain restrictive financial covenants, minimum financial ratios and minimum balances in required reserve accounts.

Note 8. Related Party Transactions

A member of the Board of Directors (Board) of the Village owns the insurance agency from which the Village obtains its liability insurance coverage. The member was on the Board in 2019 but was replaced in 2020. Insurance premium payments made to this agency was approximately \$876,000 and \$1,081,000 in 2020 and 2019, respectively.

The Boards function under a conflict-of-interest policy whereby members with any potential conflict of interest are not permitted to vote on such transactions.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Employee Benefit Plan

The Corporation maintains a defined-contribution plan (the Plan) for its employees. To be eligible to participate in the employee deferral portion of the Plan, an employee must be 21 years of age. New hires who meet the age requirement are automatically enrolled in the deferral at 3% of compensation unless that employee opts out of the plan. To be eligible for the employer contribution of the Plan, an employee must complete one year of service, be at least 21 years of age and be paid for a minimum of 1,000 hours annually. The employer's contribution is at the discretion of the Board. The employer's contribution vests over a 6-year period beginning after 2 years of service at 20% per year. The Corporation's contribution for 2020 and 2019 amounted to approximately \$311,000 and \$987,000, respectively.

Note 10. Commitments and Contingencies

Professional Liability Insurance

The Corporation is covered by an occurrence-made policy with a commercial insurance company for professional liability up to \$500,000 per claim and \$1,000,000 in the aggregate.

Litigation

The Corporation is subject to asserted and unasserted claims encountered in the normal course of business. The Corporation's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Corporation or unasserted claims that may result in such proceedings, the Corporation's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Corporation's financial condition or results of operations.

Health Care

The health care industry is subject to numerous laws and regulations by federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient care, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Minimum Liquid Reserve

The Village is required by Florida Statute to maintain an amount equal to one year's debt service, property taxes, and insurance in an escrow account. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. The Village is also required to maintain in escrow a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the 3-year average annual total operating expenses, as defined by the Statute.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Commitments and Contingencies (Continued)

Reserve funds set aside to meet the state of Florida minimum liquid reserve requirements and reserve requirements at December 31, 2020 and 2019, are as follows:

	2020	2019
Reserve funds available to meet the state of Florida minimum liquid reserve requirement	<u>\$ 24,204,307</u>	<u>\$ 19,861,974</u>
Reserve fund requirement:		
Operating reserve	\$ 6,590,287	\$ 6,062,303
Renewal and replacement reserve	6,590,287	6,062,303
Debt service reserve	6,250,721	4,324,376
Total reserve fund requirement	<u>\$ 19,431,295</u>	<u>\$ 16,448,982</u>

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specific purpose:		
Resident assistance	\$ 2,325,626	\$ 2,552,805
Property maintenance, renovation and expansion	2,437,757	2,081,853
Purchase of medical equipment	76,062	73,800
Employee education	462,438	386,955
Other	4,848,345	3,086,818
	<u>10,150,228</u>	<u>8,182,231</u>
Subject to the Corporation's spending policy and appropriation:		
Endowment funds	5,351,166	5,337,840
Total net assets with donor restrictions	<u>\$ 15,501,394</u>	<u>\$ 13,520,071</u>

During the years ended December 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2020	2019
Purpose restrictions accomplished:		
Resident assistance	\$ 149,355	\$ 201,452
Property maintenance, renovation and expansion	6,471	390,783
Employee education	52,054	88,954
Other	82,223	13,517
	<u>\$ 290,103</u>	<u>\$ 694,706</u>

The Village and the Foundation's net assets with donor restrictions include individual endowments established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Net Assets with Donor Restrictions (Continued)

Interpretation of Relevant Law

The state of Florida has adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The Village and the Foundation have interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Village and the Foundation classify as net assets perpetual in nature: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets perpetual in nature is classified as net assets subject to expenditure for specific purpose until those amounts are appropriated for expenditure by the Village and the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Village and the Foundation consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purpose of the Village and the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Village and the Foundation
- The investment policy of the Village and the Foundation

Endowment net asset composition by type of fund was as follows as of December 31:

	2020	2019
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be retained by donor	\$ 5,351,166	\$ 5,337,840
Income restricted to expenditure for specific purpose	3,525,611	2,667,617
Total funds	<u>\$ 8,876,777</u>	<u>\$ 8,005,457</u>

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Net Assets with Donor Restrictions (Continued)

Changes in the endowment net assets for the years ended December 31, 2020 and 2019, are summarized as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, December 31, 2018	\$ -	\$ 7,131,061	\$ 7,131,061
Investment return	-	1,186,340	1,186,340
Contributions	-	9,649	9,649
Appropriation of endowment assets for expenditure	-	(321,593)	(321,593)
Endowment net assets, December 31, 2019	-	8,005,457	8,005,457
Investment return	-	821,159	821,159
Contributions	-	264,126	264,126
Appropriation of endowment assets for expenditure	-	(213,965)	(213,965)
Endowment net assets, December 31, 2020	\$ -	\$ 8,876,777	\$ 8,876,777

For the years ended December 31, 2020 and 2019, the Village and the Foundation have elected not to add appreciation for cost of living or other spending policies to its restricted endowment for inflation and other economic conditions.

Return Objectives and Risk Parameters

The Village and the Foundation have adopted investment policies for their investment funds; including the restricted endowments that attempt to provide a balance of long-term capital appreciation, preservation of capital, and income production to support additional resources for the continuation and expansion of the charitable mission of the Village and the Foundation. Endowment assets include those assets of donor-restricted funds that the Village and the Foundation must hold in perpetuity. Under this policy, as approved by each Board, respectively, the endowment assets are invested in a manner that is intended to provide income and preserve capital.

Spending Policy and How Investment Objectives Relate to Spending Policy

Endowments funds were established to provide income for specific donor established programs of the Village and the Foundation. As a result, the Village's and the Foundation's policies are to transfer all net investment earnings to those programs which are funded through net assets subject to expenditure for specific purpose. To meet the objectives of the endowment funds, both the Village and the Foundation invest in high quality equities and fixed income securities.

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, utilities and housekeeping expenses, which are allocated on a square footage basis.

Program, management, and fundraising expenses for the years ended December 31, 2020 and 2019, are summarized as follows:

	2020								
	Program Services					Total	General and		Total
	Independent Living	Assisted Living	Healthcare Services	Home Health	Dining Services		Administration	Fundraising	
Salaries and wages	\$ 4,526,250	\$ 922,138	\$ 10,283,702	\$ 4,170,549	\$ 2,789,861	\$ 22,692,500	\$ 2,576,609	\$ 184,065	\$ 25,453,174
Employee benefits	652,629	150,437	764,739	280,240	257,025	2,105,070	1,094,709	37,048	3,236,827
Payroll taxes	468,803	75,127	782,161	316,666	210,306	1,853,063	292,616	15,385	2,161,064
Dietary	-	-	706,374	-	2,053,276	2,759,650	-	-	2,759,650
Therapy	-	-	3,102,266	-	-	3,102,266	-	-	3,102,266
Outside services	1,819,038	24,852	200,280	99,846	180,306	2,324,322	2,438,945	19,413	4,782,680
Legal and accounting fees	-	-	61,229	20,250	-	81,479	605,143	42,226	728,848
Advertising and promotion	-	-	7,694	2,722	1,947	12,363	610,191	-	622,554
Activities	200,344	-	-	-	-	200,344	-	-	200,344
Operating supplies	1,434,072	533,264	1,866,945	135,729	222,877	4,192,887	2,996,093	40,359	7,229,339
Occupancy	2,338,627	-	855,608	-	11,503	3,205,738	-	-	3,205,738
Travel	2,716	175	4,497	-	185	7,573	24,843	-	32,416
Production costs	41,840	-	-	5,512	-	47,352	-	-	47,352
Other	-	-	350	-	-	350	-	-	350
Core services	11,484,319	1,705,993	18,635,845	5,031,514	5,727,286	42,584,957	10,639,149	338,496	53,562,602
Interest	578,530	52,263	499,951	21,025	199,372	1,351,141	333,176	-	1,684,317
Depreciation	2,827,856	380,384	4,528,957	-	1,490,456	9,227,653	2,235,615	-	11,463,268
Other	-	-	-	-	-	-	2,007,791	-	2,007,791
Total expenses by function	\$ 14,890,705	\$ 2,138,640	\$ 23,664,753	\$ 5,052,539	\$ 7,417,114	\$ 53,163,751	\$ 15,215,731	\$ 338,496	\$ 68,717,978

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Functional Expenses (Continued)

	2019								
	Program Services						General and		
	Independent Living	Assisted Living	Healthcare Services	Home Health	Dining Services	Total	Administration	Fundraising	Total
Salaries and wages	\$ 4,770,682	\$ 920,514	\$ 9,935,944	\$ 4,049,077	\$ 2,849,593	\$ 22,525,810	\$ 2,440,600	\$ 147,479	\$ 25,113,889
Employee benefits	629,371	166,845	707,856	266,452	240,901	2,011,425	1,425,164	34,456	3,471,045
Payroll taxes	351,218	74,127	742,621	320,497	261,282	1,749,745	230,206	12,500	1,992,451
Dietary	-	-	758,169	-	2,308,916	3,067,085	-	-	3,067,085
Therapy	-	-	3,839,565	-	-	3,839,565	-	-	3,839,565
Outside services	1,784,732	47,597	265,731	135,114	199,543	2,432,717	1,785,975	9,833	4,228,525
Legal and accounting fees	133,398	-	74,451	8,186	-	216,035	594,247	13,556	823,838
Advertising and promotion	9,479	-	8,455	3,045	2,990	23,969	255,445	-	279,414
Activities	214,769	11,076	6,227	-	1,106	233,178	-	-	233,178
Operating supplies	1,255,173	510,768	1,563,203	387,106	267,308	3,983,558	3,097,817	25,044	7,106,419
Occupancy	2,124,587	-	885,853	-	55,451	3,065,891	-	-	3,065,891
Travel	12,642	1,507	8,804	-	2,296	25,249	57,537	-	82,786
Production costs	68,885	-	-	-	-	68,885	-	-	68,885
Other	-	-	-	-	-	-	-	-	-
Core services	11,354,936	1,732,434	18,796,879	5,169,477	6,189,386	43,243,112	9,886,991	242,868	53,372,971
Interest	400,313	59,441	644,149	18,670	212,361	1,334,934	329,275	-	1,664,209
Depreciation	2,821,787	418,999	4,540,586	-	1,496,936	9,278,308	2,321,047	-	11,599,355
Other	-	-	-	-	-	-	1,494,220	-	1,494,220
Total expenses by function	<u>\$ 14,577,036</u>	<u>\$ 2,210,874</u>	<u>\$ 23,981,614</u>	<u>\$ 5,188,147</u>	<u>\$ 7,898,683</u>	<u>\$ 53,856,354</u>	<u>\$ 14,031,533</u>	<u>\$ 242,868</u>	<u>\$ 68,130,755</u>

John Knox Village of Florida, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 14. COVID-19 pandemic

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of business and people in a manner that is having negative effects on local, regional and global economies. The Corporation has taken all necessary and possible precautions to be prepared for COVID-19. However, as COVID-19 continues to spread throughout areas in which Corporation operate, the extent of the impact of COVID-19 on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the facilities, and the employees and vendors, all of which are uncertain and cannot be predicted.

In January 2020, the Secretary of the U.S. Department of Health and Human Services (HHS) declared a national public health emergency due to COVID-19. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The resulting measures to contain the spread and impact of COVID-19 have adversely affected the Corporation's results of operations. As a result of the COVID-19 pandemic, federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which was enacted on March 27, 2020, and the Paycheck Protection Program and Health Care Enhancement Act (the PPPHCE Act), which was enacted on April 24, 2020.

During the year ended December 31, 2020, the Corporation received \$1,752,079 in payments through the Provider Relief Fund distributions. The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for and respond to COVID-19 and shall reimburse recipient only for health care related expenses or lost revenues that are attributable to COVID-19, and receipt of the funds, among other requirements. Amounts are recognized as other core stimulus revenue only to the extent the Corporation is reasonably assured. Amounts not recognized as revenue or that have not been refunded to HHS are reflected as a liability in the accompanying consolidated balance sheets, and such unrecognized amounts may be recognized as revenue in future periods if the underlying terms and conditions for recognition are met. As of December 31, 2020 there were no such funds received that remained to be recognized in future periods.

The CARES Act provides for deferred payment of the employer portion of social security taxes that would otherwise be payable through December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. Accordingly, the Corporation's total deferral of \$1,346,900 is included within the accompanying consolidated balance sheet with one-half reported in accrued payroll and one-half reported in accrued payroll, noncurrent.

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SUPPLEMENTARY INFORMATION

John Knox Village of Florida, Inc. and Subsidiaries

**Consolidating Balance Sheet
December 31, 2020**

	John Knox Village	John Knox Home Health Agency	John Knox Foundation	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 10,257,387	\$ 962,541	\$ 774,680	\$ -	\$ 11,994,608
Accounts receivable, net	1,644,902	682,675	-	-	2,327,577
Notes receivables	732,320	-	308,951	-	1,041,271
Intercompany receivable	-	-	311,597	(311,597)	-
Prepaid expenses and other	2,154,743	3,293	-	-	2,158,036
Assets limited as to use, current portion	9,046,693	-	-	-	9,046,693
Total current assets	23,836,045	1,648,509	1,395,228	(311,597)	26,568,185
Investments	41,034,662	-	1,618,628	-	42,653,290
Assets limited as to use, net of current portion	57,072,216	-	12,232,052	-	69,304,268
Property and equipment, net	125,924,865	3,755	-	-	125,928,620
Other assets	175,280	451	-	-	175,731
Investment in subsidiary	645,217	-	-	(645,217)	-
Total assets	\$ 248,688,285	\$ 1,652,715	\$ 15,245,908	\$ (956,814)	\$ 264,630,094

John Knox Village of Florida, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)

December 31, 2020

	John Knox Village	John Knox Home Health Agency	John Knox Foundation	Eliminations	Total
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 7,434,233	\$ 419,729	\$ 11,075	\$ -	\$ 7,865,037
Accrued payroll	2,619,754	391,070	10,420	-	3,021,244
Accrued expenses	2,893,898	78,263	-	-	2,972,161
Intercompany payable	287,970	23,627	-	(311,597)	-
Current portion of long-term debt	1,415,000	-	-	-	1,415,000
Total current liabilities	14,650,855	912,689	21,495	(311,597)	15,273,442
Long-term debt, net	104,772,591	-	-	-	104,772,591
Accrued payroll, noncurrent	578,641	94,809	-	-	673,450
Unearned entrance fees	77,298,857	-	-	-	77,298,857
Annuity payment liabilities	1,001,793	-	-	-	1,001,793
Total liabilities	198,302,737	1,007,498	21,495	(311,597)	199,020,133
Net assets:					
Without donor restrictions	48,654,217	645,217	1,454,350	(645,217)	50,108,567
With donor restrictions	1,731,331	-	13,770,063	-	15,501,394
Total net assets	50,385,548	645,217	15,224,413	(645,217)	65,609,961
Total liabilities and net assets	\$ 248,688,285	\$ 1,652,715	\$ 15,245,908	\$ (956,814)	\$ 264,630,094

John Knox Village of Florida, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets Year Ended December 31, 2020

	John Knox Village	John Knox Home Health Agency	John Knox Foundation	Eliminations	Total
Net assets without donor restrictions:					
Core services revenue:					
Independent living	\$ 21,180,187	\$ -	\$ -	\$ -	\$ 21,180,187
Healthcare services	16,993,790	-	-	-	16,993,790
Dining services	3,181,011	-	-	-	3,181,011
Home health	-	5,181,720	-	-	5,181,720
Assisted living	1,927,283	-	-	-	1,927,283
Other core stimulus	1,752,079	-	-	-	1,752,079
Core services revenue	45,034,350	5,181,720	-	-	50,216,070
Core services expenses:					
Independent living	11,484,319	-	-	-	11,484,319
Healthcare services	18,635,845	-	-	-	18,635,845
Dining services	5,727,286	-	-	-	5,727,286
Home health	-	5,031,514	-	-	5,031,514
Assisted living	1,705,993	-	-	-	1,705,993
General and administration	10,639,149	-	-	-	10,639,149
Foundation	-	-	338,496	-	338,496
Core services expenses	48,192,592	5,031,514	338,496	-	53,562,602
Core services revenue over (under) expenses	(3,158,242)	150,206	(338,496)	-	(3,346,532)
Other operating revenue:					
Investment income, net	1,043,131	-	18,562	-	1,061,693
Realized gains on investments, net	3,192,306	-	7,433	-	3,199,739
Unrealized gains on trading investments, net	1,103,059	-	117,981	-	1,221,040
Amortization of entrance fees	13,019,120	-	-	-	13,019,120
Other revenue	546,646	-	-	(131,044)	415,602
Contributions	-	-	188,989	-	188,989
Transfer from Foundation	168,876	-	(168,876)	-	-
Net assets released from restrictions	121,227	-	162,405	-	283,632
Total other operating revenue	19,194,365	-	326,494	(131,044)	19,389,815
Other operating expenses:					
Depreciation	11,463,268	-	-	-	11,463,268
Interest	1,682,905	1,412	-	-	1,684,317
Loss on extinguishment of debt	144,397	-	-	-	144,397
Other consulting	1,200,280	-	-	-	1,200,280
Other	645,230	17,750	134	-	663,114
Total other operating expenses	15,136,080	19,162	134	-	15,155,376
Total other operating revenues over (under) expenses	4,058,285	(19,162)	326,360	(131,044)	4,234,439
Revenue over (under) expenses	900,043	131,044	(12,136)	(131,044)	887,907
Other changes in net assets without donor restrictions:					
Net assets released from restrictions used for the purchase of property and equipment	-	-	6,471	-	6,471
Transfer of assets from John Knox Village to Foundation	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	900,043	131,044	(5,665)	(131,044)	894,378
Net assets with donor restrictions:					
Contributions	128,941	-	849,335	-	978,276
Investment income and realized gains and losses, net	9,334	-	282,018	-	291,352
Unrealized gains on investments, net	116,229	-	938,744	-	1,054,973
Net assets released from restrictions	(121,227)	-	(168,876)	-	(290,103)
Change in value of split-interest agreements	(53,175)	-	-	-	(53,175)
Increase in net assets with donor restrictions	80,102	-	1,901,221	-	1,981,323
Increase (decrease) in net assets	980,145	131,044	1,895,556	(131,044)	2,875,701
Net assets:					
Beginning of year	49,405,403	514,173	13,328,857	(514,173)	62,734,260
End of year	\$ 50,385,548	\$ 645,217	\$ 15,224,413	\$ (645,217)	\$ 65,609,961

APPENDIX C

FINANCIAL FEASIBILITY STUDY

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FINANCIAL FEASIBILITY STUDY
JOHN KNOX VILLAGE OF FLORIDA, INC.
OBLIGATED GROUP

FOR THE SIX YEARS ENDING
DECEMBER 31, 2021 THROUGH 2026

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INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Board of Directors
John Knox Village of Florida, Inc.
Pompano Beach, Florida

We have prepared a financial feasibility study (the "Study") of the plans of John Knox Village of Florida, Inc. (the "Village", the "Corporation", or the "Obligated Group") to develop, construct, install, equip, and operate an expansion consisting of 146 independent living units (the "Westlake Project") on its existing campus in Pompano Beach, Florida, and complete a community center (the "Pavilion") that is currently under construction.

The Study was undertaken to evaluate the ability of the Obligated Group consisting of the Village 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 par value \$139,885,000 City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project) Series 2021 (the "Series 2021 Bonds").

Management's financial forecast has been prepared for the specific purpose of presenting the forecasted balance sheets, statements of operations and changes in net assets (deficit), and statements of cash flows of the Obligated Group prepared by "Management". This presentation is not intended to present the forecasted consolidated financial statements of John Knox Village of Florida, Inc. and Subsidiaries, which would include John Knox Home Health Agency, Inc. (the "Agency") and John Knox Village of Florida Foundation, Inc. (the "Foundation"), both of which are excluded from the Obligated Group. Accordingly, the forecast is not intended to be a presentation in conformity with U.S. generally accepted accounting principles since it excludes the Agency and the Foundation.

The Obligated Group's managing underwriter, Herbert J. Sims & Co., Inc. (the "Underwriter"), has indicated the following planned structure and terms of the Series 2021 Bonds. The responsibility for payment of the debt service on the Series 2021 Bonds is solely that of the Obligated Group.

Series 2021 Bonds:

The Underwriter has indicated that bond proceeds of approximately \$143,939,000 that includes a bond premium of approximately \$4,054,000, are estimated to be generated from the proposed issuance of the Series 2021 Bonds. The Underwriter has indicated that the Series 2021 Bonds would be comprised of:

- \$89,885,000 Series 2021A Bonds (the "Series 2021A Bonds") tax-exempt term bonds, with interest payable March 1 and September 1, beginning March 1, 2022, subject to annual sinking fund redemptions:
 - \$2,130,000 term bond maturing September 1, 2031 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2030 and September 1, 2031.

Board of Directors
John Knox Village of Florida, Inc.

- \$6,110,000 term bond maturing September 1, 2036 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2032 through September 1, 2036.
- \$7,430,000 term bond maturing September 1, 2041 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2037 through September 1, 2041.
- \$26,180,000 term bond maturing September 1, 2051 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2042 through September 1, 2051.
- \$48,035,000 term bond maturing September 1, 2056 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2052 through September 1, 2056.
- \$4,054,000 bond premium associated with the Series 2021A Bonds.
- \$50,000,000 Entrance Fee Principal Redemption BondsSM (the “Series 2021 Entrance Fee Bonds”) consisting of \$25,430,000 Series 2021B-1 and \$24,570,000 Series 2021B-2. The Series 2021 Entrance Fee Bonds are anticipated to be repaid from the availability of entrance fees received for the Project’s independent living units. Interest is assumed to be payable March 1 and September 1, beginning March 1, 2022.
 - The Series 2021B-1 bonds have a coupon interest rate of 2.60% and are anticipated to be repaid by January 1, 2026 based on the anticipated timing of entrance fees for the Project’s independent living units.
 - The Series 2021B-2 bonds have a coupon interest rate of 1.85% and are anticipated to be repaid by October 1, 2024 based on the anticipated timing of entrance fees for the Project’s independent living units.

The proceeds from the Series 2021 Bonds are planned to be used to, among other things:

- Pay for Westlake Project-related costs and reimburse the Obligated Group for costs that have been incurred prior to the issuance of the Series 2021 Bonds;
- Pay for \$5,500,000 of anticipated routine capital expenditures of the Obligated Group;
- Fund a debt service reserve fund for the Series 2021A Bonds;
- Fund interest on the Series 2021 Bonds for a period of approximately 29 months starting at issuance of Series 2021 Bonds; and
- Pay issuance costs associated with the Series 2021 Bonds.

Project costs, as forecasted by the management the Obligated Group (“Management”) are presented in Management’s “Summary of Significant Forecast Assumptions and Accounting Policies.”

Our procedures included analysis of:

- The Obligated Group’s objectives, timing, and financing;
- Future demand for the Obligated Group’s services including consideration of:
 - Economic and demographic characteristics of the defined market areas of the Obligated Group’s facilities,
 - Locations, capacities, and competitive information pertaining to other existing and planned facilities in the Obligated Group’s market area,
 - Forecasted occupancy and utilization levels of the Obligated Group’s facilities;
- Project-related and other Westlake Projects’ costs;
- Debt service requirements and estimated financing costs of the Series 2021 Bonds and existing indebtedness;

Board of Directors
John Knox Village of Florida, Inc.

- Staffing requirements, salaries and wages, related fringe benefits and other operating expenses of the Obligated Group;
- Anticipated entrance fees, monthly service fees, and per diem charges for the Obligated Group's residents;
- Sources of other Obligated Group's operating and non-operating revenues; and
- The Obligated Group's revenue, expense and volume/utilization relationships.

The accompanying financial forecast of the Obligated Group as of and for each of the years in the six-year period ending December 31, 2026 (the "Forecast Period") is based upon assumptions provided by or reviewed with and approved by Management. Management has set forth its significant forecast assumptions in the Study in the section entitled "Summary of Significant Forecast Assumptions and Accounting Policies." These assumptions are integral and essential to an understanding of Management's combined forecasted financial statements.

The financial forecast includes the following forecasted financial statements of the Obligated Group:

- Forecasted Statements of Operations and Changes in Net Assets (Deficit);
- Forecasted Statements of Cash Flows; and
- Forecasted Balance Sheets.

In addition, Management has summarized and included a Forecasted Schedule of Financial Ratios.

We have examined the accompanying forecast of the Obligated Group, which comprises the forecasted balance sheets as of December 31, 2021, 2022, 2023, 2024, 2025 and 2026 and the related forecasted statements of operations and changes in net assets (deficit), and forecasted cash flows for the years then ending, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. Management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants ("AICPA"). Management's financial forecast has been prepared for the specific purpose of presenting the forecasted statements of operations and changes in net assets (deficit), statements of cash flows and balance sheets of the Obligated Group. **This presentation is not intended to present the consolidated forecasted financial statements of John Knox Village of Florida, Inc. which would also include the Agency and the Foundation.** 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 judgment, 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 senior living communities, including revenues and expenses of facilities such as the Obligated Group's. The financial forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Obligated Group's operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

The interest rates, principal payments, and other financing assumptions are described in the section entitled "Summary of Significant Forecast Assumptions and Accounting Policies." If actual interest rates, principal payments, or funding requirements are different from those assumed, the amount of the Series 2021 Bonds and associated debt service requirements would need to be adjusted accordingly from those

Board of Directors
John Knox Village of Florida, Inc.

indicated in the forecast. If such interest rates, principal payments, and funding requirements are lower than those assumed, such adjustments would not adversely affect the forecast.

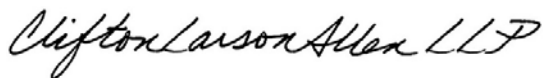
Management's financial forecast is based on the achievement of occupancy levels as determined by Management. We have not been engaged to evaluate the effectiveness of Management and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

Our conclusions are presented below:

- The accompanying financial forecast indicates that sufficient funds could be generated to meet the Obligated Group's operating expenses, working capital needs, and other financial requirements, including the debt service requirements associated with the Series 2021 Bonds and other outstanding obligations during the Forecast Period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured.
- Management's financial forecast has been prepared for the specific purpose of presenting the forecasted statements of financial position, statements of operations and changes in net assets (deficit) and cash flows of the Obligated Group. **This presentation is not intended to present the consolidated forecasted financial statements of John Knox Village of Florida, Inc. which would also include the Agency and the Foundation. Accordingly, the forecast is not intended to be a presentation in conformity with generally accepted accounting principles since it excludes the Agency and the Foundation.**
- In our opinion, except the exception noted, the accompanying forecast is presented in all material respects with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for Management's 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.

Management has conducted sensitivity analyses on selected significant assumptions which it believes are particularly subject to variation. The sensitivity analyses are presented beginning on page C-72 of Management's "Summary of Significant Forecast Assumptions and Accounting Policies" and estimate the impact on the Obligated Group's forecasted maximum annual debt-service coverage and liquidity ratios as a result of the various sensitivity analyses. Management has conducted these sensitivity analyses on its financial forecast which are presented for purposes of additional analysis and are not a required part of the financial forecast. These sensitivity analyses have 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 them.

We have no responsibility to update this Study for events and circumstances occurring after the date of this report.



CliftonLarsonAllen LLP

Orlando, Florida
November 19, 2021

JOHN KNOX VILLAGE OF FLORIDA, INC.
FORECASTED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2021	2022	2023	2024	2025	2026
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS:						
Core Services Revenue:						
Independent Living	\$ 22,447	\$ 24,033	\$ 25,225	\$ 28,870	\$ 34,804	\$ 37,312
Healthcare Services	17,385	18,265	18,594	19,300	19,828	20,021
Dining Services	3,441	4,523	4,690	4,875	5,033	5,210
Assisted Living	2,124	2,359	2,440	2,518	2,603	2,689
Other Core Stimulus	151	-	-	-	-	-
Total Core Services Revenue	45,548	49,180	50,949	55,563	62,268	65,232
Core Services Expenses:						
Independent Living	11,599	13,463	13,987	16,294	17,277	17,867
Healthcare Services	17,516	19,030	20,023	21,058	21,690	22,340
Dining Services	6,312	6,260	6,517	7,309	7,583	7,811
Assisted Living	1,707	1,584	1,631	1,680	1,730	1,782
General and Administration	13,856	18,552	19,015	17,285	17,598	18,126
Total Core Services Expenses	50,990	58,889	61,173	63,626	65,878	67,926
Core Services Expenses Over Revenue	(5,442)	(9,709)	(10,224)	(8,063)	(3,610)	(2,694)
Other Operating Revenue:						
Investment Income	921	2,133	1,983	1,964	2,073	2,272
Unrealized gains on trading investments, net	1,400	-	-	-	-	-
Amortization of Earned Entrance Fees	10,216	12,034	13,193	16,592	19,019	21,921
Other Revenue	426	348	358	372	383	391
Contributions	-	-	-	-	-	-
Net Assets Released from Restrictions Used for Operations	839	839	839	839	839	839
Total Other Operating Revenue	13,802	15,354	16,373	19,767	22,314	25,423
Other Operating Expenses:						
Depreciation	13,912	15,526	17,328	21,407	22,583	23,305
Interest and Amortization	2,545	4,232	4,458	8,280	7,704	7,256
Other	2,449	1,158	1,192	1,228	1,265	1,303
Total Other Operating Expenses	18,906	20,916	22,978	30,915	31,552	31,864
Total Other Operating Expenses In Excess Of Revenues	(5,104)	(5,562)	(6,605)	(11,148)	(9,238)	(6,441)
Change in Net Assets (Deficit) Without Donor Restrictions	(10,546)	(15,271)	(16,829)	(19,211)	(12,848)	(9,135)
NET ASSETS WITH DONOR RESTRICTIONS						
Contributions	800	800	800	800	800	800
Investment Income and Realized Gains and Losses, Net	39	39	39	39	39	39
Net Assets Released from Restrictions	(839)	(839)	(839)	(839)	(839)	(839)
Change in Net Assets (Deficit) With Donor Restrictions	-	-	-	-	-	-
Change in Net Assets (Deficit)	(10,546)	(15,271)	(16,829)	(19,211)	(12,848)	(9,135)
Net Assets (Deficit) - Beginning of Year	50,385	39,839	24,568	7,739	(11,472)	(24,320)
NET ASSETS (DEFICIT) - END OF YEAR	\$ 39,839	\$ 24,568	\$ 7,739	\$ (11,472)	\$ (24,320)	\$ (33,455)

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Examination Report

JOHN KNOX VILLAGE OF FLORIDA, INC.
FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2021	2022	2023	2024	2025	2026
CASH FLOWS FROM OPERATING ACTIVITIES						
Changes in Net Assets (Deficit)	\$ (10,546)	\$ (15,271)	\$ (16,829)	\$ (19,211)	\$ (12,848)	\$ (9,135)
Adjustments to Reconcile Changes in Net Assets (Deficit) to Net Cash Provided by Operating Activities:						
Amortization of Earned Entrance Fees	(10,216)	(12,034)	(13,193)	(16,592)	(19,019)	(21,921)
Entrance Fees and Additional Fees Received	16,719	22,279	23,135	27,867	29,926	27,064
Depreciation	13,912	15,526	17,328	21,407	22,583	23,305
Amortization of Deferred Financing Costs	168	493	516	447	241	153
Amortization of Bond Premium	(194)	(292)	(329)	(329)	(329)	(329)
Unrealized Gain on Investments Other Than Trading, Net	(1,400)	-	-	-	-	-
Changes in Operating Assets and Liabilities:						
Accounts Receivable	(85)	(142)	(85)	(58)	(213)	(82)
Other Receivables	(38)	(63)	(38)	-	(63)	(25)
Prepaid Expenses and Other Current Assets	276	(74)	(92)	(107)	(75)	(75)
Accounts Payable	(4,374)	120	150	312	127	127
Accrued Payroll	(138)	120	150	202	123	124
Accrued Expenses	218	69	130	218	81	105
Net Cash Provided by Operating Activities	4,302	10,731	10,843	14,156	20,534	19,311
CASH FLOWS FROM INVESTING ACTIVITIES						
Net Change in Investments	4,587	6,722	3,302	2,859	(5,629)	(2,687)
Net Change in Assets Limited as to Use	(13,708)	(1,759)	2,393	1,188	(885)	(833)
Purchase of Property and Equipment	(48,279)	(69,445)	(68,138)	(18,724)	(10,156)	(10,460)
Capitalized Interest	(1,913)	(3,710)	(4,332)	(282)	-	-
Net Cash Used in Investing Activities	(59,313)	(68,192)	(66,775)	(14,959)	(16,670)	(13,980)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Issuance of Long-Term Debt	139,885	-	-	-	-	-
Bond Issue Premium on Long-Term Debt	4,054	-	-	-	-	-
Cash Paid for Financing Costs	(1,810)	-	-	-	-	-
Principal Payments on Long-Term Debt	(1,280)	(2,165)	(2,240)	(27,840)	(24,395)	(5,015)
Initial Entrance Fees	5,195	974	-	30,809	15,231	-
Entrance Fees Refunded	(644)	(656)	(674)	(1,296)	(2,393)	(2,482)
Net Cash Provided By (Used in) Financing Activities	145,400	(1,847)	(2,914)	1,673	(11,557)	(7,497)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	90,389	(59,308)	(58,846)	870	(7,693)	(2,166)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	56,129	146,518	87,210	28,364	29,234	21,541
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 146,518	\$ 87,210	\$ 28,364	\$ 29,234	\$ 21,541	\$ 19,375
SUPPLEMENTAL CASH FLOW INFORMATION						
Cash Paid for Interest	\$ 3,481	\$ 7,986	\$ 8,809	\$ 8,565	\$ 7,833	\$ 7,450
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash						
Cash and Cash Equivalents	\$ 9,438	\$ 10,330	\$ 10,729	\$ 11,749	\$ 12,110	\$ 12,448
Restricted Cash	137,080	76,880	17,635	17,485	9,431	6,927
Total Cash, Cash Equivalents and Restricted Cash	\$146,518	\$ 87,210	\$ 28,364	\$ 29,234	\$ 21,541	\$19,375

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Examination Report

JOHN KNOX VILLAGE OF FLORIDA, INC.
FORECASTED BALANCE SHEETS
AT DECEMBER 31,
(IN THOUSANDS OF DOLLARS)

	2021	2022	2023	2024	2025	2026
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 9,438	\$ 10,330	\$ 10,729	\$ 11,749	\$ 12,110	\$ 12,448
Accounts Receivable, Net	1,730	1,872	1,957	2,015	2,228	2,310
Other Receivables	770	833	871	871	934	959
Current Portion of Assets Limited as to Use	6,715	6,715	7,126	7,126	8,026	8,025
Prepaid Expenses and Other Current Assets	1,879	1,953	2,045	2,152	2,227	2,302
Total Current Assets	20,532	21,703	22,728	23,913	25,525	26,044
INVESTMENTS	37,848	31,126	27,824	24,965	30,594	33,281
ASSETS LIMITED AS TO USE, NET OF CURRENT PORTION	164,320	105,879	43,830	42,492	34,423	32,753
PROPERTY AND EQUIPMENT, NET	162,205	219,834	274,976	272,575	260,148	247,303
OTHER ASSETS	175	175	175	175	175	175
INVESTMENT IN SUBSIDIARY	645	645	645	645	645	645
Total Assets	\$385,725	\$379,362	\$370,178	\$364,765	\$351,510	\$340,201
LIABILITIES AND NET ASSETS (DEFICIT)						
CURRENT LIABILITIES						
Accounts Payable	\$ 3,060	\$ 3,180	\$ 3,330	\$ 3,642	\$ 3,769	\$ 3,896
Accrued Payroll	3,060	3,180	3,330	3,532	3,655	3,779
Accrued Expenses	3,112	3,181	3,311	3,529	3,610	3,715
Intercompany Payable	288	288	288	288	288	288
Current Portion of Long-Term Debt	2,165	2,240	2,325	2,415	2,510	2,595
Wait List and Other Deposits	5,195	6,169	6,169	2,041	-	-
Total Current Liabilities	16,880	18,238	18,753	15,447	13,832	14,273
LONG-TERM DEBT, NET OF CURRENT PORTION	244,846	242,807	240,669	212,857	188,279	183,003
UNEARNED ENTRANCE FEES	83,158	92,747	102,015	146,931	172,717	175,378
ANNUITY PAYMENT LIABILITY	1,002	1,002	1,002	1,002	1,002	1,002
Total Liabilities	345,886	354,794	362,439	376,237	375,830	373,656
NET ASSETS (DEFICIT)						
Without Donor Restrictions	38,108	22,837	6,008	(13,203)	(26,051)	(35,186)
With Donor Restrictions	1,731	1,731	1,731	1,731	1,731	1,731
Total Net Assets (Deficit)	39,839	24,568	7,739	(11,472)	(24,320)	(33,455)
Total Liabilities and Net Assets (Deficit)	\$385,725	\$379,362	\$370,178	\$364,765	\$351,510	\$340,201

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Examination Report

JOHN KNOX VILLAGE OF FLORIDA, INC.
FORECASTED SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS OF DOLLARS, EXCEPT FOR RATIOS)

Long-Term Debt Service Coverage Ratio ⁽¹⁾	2021	2022	2023	2024	2025	2026
Change in net assets (deficit) without donor restrictions	\$ (10,546)	\$ (15,271)	\$ (16,829)	\$ (19,211)	\$ (12,848)	\$ (9,135)
Deduct:						
Entrance fee amortization	(10,216)	(12,034)	(13,193)	(16,592)	(19,019)	(21,921)
Unrealized gain on investments	(1,400)					
Add:						
Depreciation	13,912	15,526	17,328	21,407	22,583	23,305
Interest expense and amortization	2,545	4,232	4,458	8,280	7,704	7,256
Entrance fees received, net of refunds	16,075	21,623	22,461	26,571	27,533	24,582
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 20,455	\$ 25,953	\$ 24,087
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Maximum Annual Debt Service ⁽²⁾	\$ 4,581	\$ 4,581	\$ 6,155	\$ 6,155	\$ 6,155	\$ 10,792
Long-Term Debt Service Coverage Ratio - MADS Based ⁽²⁾	2.26 x	3.07 x	2.31 x	3.32 x	4.22 x	2.23 x
Days Cash on Hand	2021	2022	2023	2024	2025	2026
Cash and Cash Equivalents	\$ 9,438	\$ 10,330	\$ 10,729	\$ 11,749	\$ 12,110	\$ 12,448
Investments	37,848	31,126	27,824	24,965	30,594	33,281
Board Designated Funds	1,814	1,814	1,814	1,814	1,814	1,814
Minimum Liquid Reserve	14,780	16,539	16,896	18,458	19,343	20,176
Total Cash on Hand	\$ 63,880	\$ 59,809	\$ 57,263	\$ 56,986	\$ 63,861	\$ 67,719
Operating Expenses	\$ 69,896	\$ 79,805	\$ 84,151	\$ 94,541	\$ 97,430	\$ 99,790
Adjustments:						
Depreciation	(13,912)	(15,526)	(17,328)	(21,407)	(22,583)	(23,305)
Amortization of Deferred Financing Costs	(168)	(493)	(516)	(447)	(241)	(153)
Amortization of Bond Premium	194	292	329	329	329	329
Adjusted Operating Expenses	\$ 56,010	\$ 64,078	\$ 66,636	\$ 73,016	\$ 74,935	\$ 76,661
Daily Operating Expenses	\$ 153.45	\$ 175.56	\$ 182.56	\$ 200.04	\$ 205.30	\$ 210.03
Days Cash on Hand	416	341	314	285	311	322

Notes to the Forecasted Schedule of Financial Ratios:

- The calculations for the long-term debt service coverage ratio and days cash on hand are presented based upon the terms of the Master Trust Indenture. In 2021 and 2022, the long-term debt service requirement excludes the portion of the Series 2020 Bonds associated with the Pavilion Project, as defined hereinafter, and Series 2021 Bonds. The debt service requirements associated with the portion of the Series 2020 Bonds relating to the Pavilion Project are included beginning in 2023 which is the fiscal year subsequent to the Pavilion Project being placed into service. In 2023, 2024 and 2025, the long-term debt service requirement excludes the debt service associated with the Series 2021 Bonds. Pursuant to the Master Trust Indenture, the long-term debt service requirement for the Series 2021 Bonds is included the **earlier** of the year subsequent to the New Independent Living Units achieving an average occupancy for the year of 85 percent (2027) or the fiscal year that is five years subsequent to the year of issuance of the Series 2021 Bonds, which is 2026.
- At the request of the Underwriter, management has presented the long-term debt service coverage ratio using the maximum annual long-term debt service ("MADS") requirement each year. The same from note 1 to determine MADS each year. This is not a required calculation under the Master Trust Indenture.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

BACKGROUND AND INFORMATION

Basis of Presentation

The purpose of the financial feasibility study (the "Study") is to evaluate the ability of the Obligated Group (defined hereafter) to meet the operating requirements, working capital requirements, including the debt service requirements and other financial requirements associated with the proposed Series 2021 Bonds (defined hereafter), along with its plans to develop, construct, install, equip, and operate an expansion consisting of 146 independent living units (the "Expansion Independent Living Units") on its existing campus in Pompano Beach, Florida, and completing a community center area that is currently under construction.

John Knox Village of Florida, Inc. (the "Village", the "Corporation" or the "Obligated Group") was incorporated in February 1978 as a Florida not for profit corporation to provide housing, health care and other related services to elders through the operation of a retirement community. The Corporation currently owns and operates a continuing care retirement community ("CCRC"), also known as a Life Plan Community ("LPC"), located on approximately 65 acres in the City of Pompano Beach, Broward County, Florida that presently includes (i) 644 independent living units (the "Existing Independent Living Units") and various common areas, (ii) 64 assisted living units (the "Assisted Living Units") and various common areas, (iii) 194-bed skilled nursing suites (the "Skilled Nursing Beds" or the "Health Center" and collectively with the Existing Independent Living Units and the Assisted Living Units, the "Existing Community").

The Corporation plans to develop, own and operate the "Project", as described hereafter. The Existing Independent Living Units and the Expansion Independent Living Units are collectively referred to as the "Independent Living Units".

John Knox Village of Florida, Inc. wholly owns and operates a home health care agency, John Knox Home Health Agency, Inc. (the "Agency"), which is a for-profit entity established to provide home health services to the community and residents of the Village. The John Knox Village of Florida Foundation, Inc. (the "Foundation"), is a nonprofit corporation that holds various endowment funds and receives contributions for the sole support of the Village.

The Corporation is the sole member of the Obligated Group which consists of the Village. **The Obligated Group does not include the Agency or the Foundation.**

The accompanying financial forecast of the Obligated Group (the "Forecast") for the years ending December 31, 2021, 2022, 2023, 2024, 2025 and 2026 and each of the years then ending (the "Forecast Period") contained herein has been prepared by Management of the Obligated Group ("Management"). The Forecast presents, to the best of the knowledge and belief of Management, the Corporation's expected financial position, results of operations, changes in net assets (deficit), and cash flows of the Corporation for the Forecast Period.

Accordingly, the Forecast reflects Management's judgment as of November 19, 2021, the date of this Forecast, of its expected conditions and its expected course of action. The assumptions disclosed herein, while not all-inclusive, are those that Management believes are significant to its 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.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Fundamental to the Forecast is the assumption that the Project will be constructed and opened according to the forecasted timeline and that the operations of the Corporation will be competently and efficiently managed, and its services professionally and consistently marketed. In addition, the validity of the Forecast will decrease substantially in proportion to the time elapsed since its preparation. Management's Forecast has been prepared in connection with the proposed issuance of the Series 2021 Bonds. Management does not intend to update the Forecast subsequent to its issuance, and, accordingly, there are risks inherent to referring to, or using, this Forecast in the future as it may, and most likely will, become outdated.

The assumed interest rates, principal payments, financing assumptions, and assumptions pertaining to the forecasted revenue, expenses, and cash flows are described in the sections entitled, "Summary of Significant Forecast Assumptions and Accounting Policies." If the actual interest rates, principal payments, funding requirements, or other financing assumptions related to the Series 2021 Bonds are different from those assumed, the principal amount of the Series 2021 Bonds, and associated debt service requirements would need to be adjusted, accordingly, from those indicated in the Forecast. If interest rates, principal payments, and funding requirements are lower than those assumed, then such adjustments would not adversely affect the Forecast.

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.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Corporation, COVID-19 may impact various parts of its operations and financial results, including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to its reduction in certain revenue streams.

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. As with nearly all industries and companies operating through the COVID-19 pandemic, the Obligated Group expects it could encounter further volatility and disruption in its operations and the local economy. The potential continued impact of the COVID-19 pandemic is difficult to predict and could materially impact the Obligated Group's financial condition, liquidity and results of operations, as well as national and local economies.

The Corporation has implemented plans to address the COVID-19 threat and is operating pursuant to infectious disease protocols and its emergency preparedness plan.

The Corporation

The Corporation was incorporated in 1978. The Corporation has been self-managed since its opening. Since its inception, the Community has grown to become the second largest LPC in the State of Florida and one of the largest single-site LPCs in the country. The Community presently consists of (i) 644 Existing Independent Living Units, (ii) 64 Assisted Living Units and (iii) 194-bed Skilled Nursing Beds.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Independent Living

In 1972, the Corporation commenced construction of the East Lake building ("East Lake"), a three-story building that presently contains 35 of the Existing Independent Living Units and is situated at the east end of Lake Maggie, offering lake and fountain views. The Corporation completed construction in 1973. This 40,362 square foot building has been continuously updated, including apartment combinations, over the years.

In 1972, the Corporation commenced construction of the first of what would eventually become 178 Garden Villas (the "Garden Villas"). These triplexes constructed in phases. These Garden Villas are all built in a "triplex" model consisting of two 2-bedroom and one 1-bedroom single story homes. The Garden Villas range from 988 to 1,688 square feet.

In 1973, the Corporation commenced construction of Cassels Tower, a 17-story, 242,365 square foot building that presently contains 142 of the Existing Independent Living Units ("Cassels Tower"). The Corporation completed construction in 1974. Cassels Towers is the hub of the Community and includes administrative offices located on its first floor along with an independent branch bank office and beauty salon. A breezeway connects Cassels Towers to the patio dining room. These Existing Independent Living Units range in size from 1,490 square feet to smaller units at 623 square feet.

In 1980, the Corporation commenced construction of Village Tower, a 10-story 234,900 square foot building that presently contains 170 of the Existing Independent Living Units ("Village Tower"). The Corporation completed construction in 1981. Originally this building had 10 studios and 73 one-bedroom apartments. The Corporation no longer sells studio units and has converted many of these units, through combinations with adjacent units, into two-bedroom units. These Existing Independent Living Units range from 562 to 1,950 square feet.

In 2004, the Corporation commenced construction of Heritage Tower, a 10-story, 214,632 square foot building that presently contains 119 units ("Heritage Tower"). The Corporation completed construction in 2005. These Existing Independent Living Units range from 803 to 1,698 square feet.

Residents of Existing Independent Living Units pay an "Entrance Fee" upon admission into the Community, 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. Additionally, if more than one resident occupies an Independent Living Unit, an additional Entrance Fee is required. In addition to the Entrance Fee, each Resident pays a "Monthly Service Fee", based upon the unit size and amenities. An additional Monthly Service Fee is payable for a second Resident occupying an Independent Living Units.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Each Independent Living Unit is furnished with window treatments, wall-to-wall carpeting or hardwood flooring, except for tile in the kitchen and bath, a complete kitchen with refrigerator, range with oven, microwave oven, and dishwasher, a stacked washer/dryer combination, fire and smoke alarms, fire sprinkler system, individually controlled heating and air conditioning and a balcony or patio. The following table presents the unit mix, square footage and fees for the Existing Independent Living Units. All utilities are included within the Monthly Service Fee, including water, sewer, cable television, electricity, and heating and air conditioning. All the apartment buildings have common areas including a lobby, a party room, a billiard table, a piano, a library and a mail room. All four apartment buildings and the three villa neighborhoods are interconnected by pathways.

The following table summarizes the floor plan, type, number, approximate square footage and Entrance Fees and Monthly Service Fees for the Existing Independent Living Units at the Community.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 1
Existing Independent Living Units
Unit Mix, Square Footage and Fees Effective as of January 1, 2021

				Monthly Service Fee		Entrance Fee	
Unit Type	Total Units	Square Footage		First Person ⁽¹⁾	Second Person ⁽²⁾	Amortized Plan First Person	Amortized Plan Second Person
Cassels Tower and East Lake							
Standard 1 Bedroom / 1 Bath	36	868	\$	2,776	\$ 1,745	\$ 200,000	\$ 20,000
Standard 1 Bedroom / 1.5 Bath	11	868	\$	2,776	\$ 1,745	\$ 208,300	\$ 20,000
Executive 1 Bedroom / 1.5 Bath	19	1,013	\$	2,887	\$ 1,745	\$ 236,700	\$ 20,000
Executive 1 Bedroom / 2 Bath	15	1,013	\$	2,887	\$ 1,745	\$ 236,700	\$ 20,000
Model A 2 Bedroom / 2 Bath	36	1,258	\$	3,125	\$ 1,745	\$ 299,600	\$ 20,000
Model B 2 Bedroom / 2 Bath	35	1,143	\$	3,007	\$ 1,745	\$ 282,100	\$ 20,000
Model D 2 Bedroom / 2 Bath	12	1,491	\$	3,248	\$ 1,745	\$ 330,600	\$ 20,000
Model E 2 Bedroom / 2 Bath	1	1,736	\$	3,732	\$ 1,745	\$ 410,000	\$ 20,000
Standard 2 Bedroom / 2.5 Bath	9	1,491	\$	3,248	\$ 1,745	\$ 336,400	\$ 20,000
Studio 1 Bedroom / 1 Bath	3	623	\$	2,553	\$ 1,745	\$ 127,246	\$ 20,000
Total / Weighted Average	177	1,104	\$	2,972	\$ 1,745	\$ 259,801	\$ 20,000
Village Towers							
Standard 1 Bedroom / 1 Bath	16	713	\$	2,776	\$ 1,745	\$ 166,500	\$ 20,000
Deluxe 1 Bedroom / 1 Bath	39	790	\$	2,776	\$ 1,745	\$ 182,700	\$ 20,000
Standard 1 Bedroom / 1.5 Bath	23	790	\$	2,776	\$ 1,745	\$ 190,600	\$ 20,000
Executive 1 Bedroom / 2 Bath	7	1,124	\$	2,887	\$ 1,745	\$ 248,800	\$ 20,000
Standard 2 Bedroom / 2 Bath	65	1,147	\$	3,018	\$ 1,745	\$ 282,100	\$ 20,000
Executive 2 Bedroom / 2 Bath	13	1,503	\$	3,292	\$ 1,745	\$ 330,600	\$ 20,000
Executive 2 Bedroom / 2.5 Bath	4	1,950	\$	3,730	\$ 1,745	\$ 446,200	\$ 20,000
Studio 1 Bedroom / 1 Bath	3	562	\$	2,552	\$ 1,745	\$ 118,626	\$ 20,000
Total / Weighted Average	170	1,011	\$	2,931	\$ 1,745	\$ 239,351	\$ 20,000
Heritage Tower							
Azalea 1 Bedroom / 1 Bath	1	803	\$	2,807	\$ 1,745	\$ 206,800	\$ 20,000
Bougainvillea 2 Bedroom / 1 Bath	2	895	\$	2,848	\$ 1,745	\$ 230,300	\$ 20,000
Coral 3 Bedroom / 1 Bath	2	985	\$	2,935	\$ 1,745	\$ 235,500	\$ 20,000
Jasmine 1 Bedroom / 1.5 Bath	20	1,033	\$	2,972	\$ 1,745	\$ 262,500	\$ 20,000
Lilac 1 Bedroom / 1.5 Bath	20	1,208	\$	3,086	\$ 1,745	\$ 304,400	\$ 20,000
Magnolia 2 Bedroom / 2 Bath	17	1,290	\$	3,095	\$ 1,745	\$ 326,400	\$ 20,000
Poinciana 2 Bedroom / 2 Bath	16	1,385	\$	3,502	\$ 1,745	\$ 350,400	\$ 20,000
Queen Palm 2 Bedroom / 2 Bath	20	1,412	\$	3,502	\$ 1,745	\$ 361,000	\$ 20,000
Royal Palm 2 Bedroom / 2 Bath	20	1,542	\$	3,609	\$ 1,745	\$ 384,800	\$ 20,000
Sabal Palm 2 Bedroom / 2 Bath	1	1,698	\$	3,730	\$ 1,745	\$ 446,200	\$ 20,000
Total / Weighted Average	119	1,296	\$	3,279	\$ 1,745	\$ 327,679	\$ 20,000
Garden Villas							
Standard 1 Bedroom / 1 Bath	20	988	\$	2,776	\$ 1,745	\$ 223,100	\$ 20,000
Executive 1 Bedroom / 1.5 Bath	34	988	\$	2,897	\$ 1,745	\$ 234,200	\$ 20,000
Deluxe 1 Bedroom / 1.5 Bath	2	1,108	\$	3,021	\$ 1,745	\$ 262,600	\$ 20,000
Standard 2 Bedroom / 1 Bath	31	1,296	\$	3,124	\$ 1,745	\$ 297,400	\$ 20,000
Standard 2 Bedroom / 1.5 Bath	15	1,296	\$	3,124	\$ 1,745	\$ 303,500	\$ 20,000
Petite 2 Bedroom / 1.5 Bath	3	1,096	\$	3,124	\$ 1,745	\$ 251,700	\$ 20,000
Petite 2 Bedroom / 2 Bath	1	1,296	\$	3,124	\$ 1,745	\$ 309,000	\$ 20,000
Standard 2 Bedroom / 2 Bath	49	1,488	\$	3,259	\$ 1,745	\$ 341,400	\$ 20,000
Deluxe 2 Bedroom / 2 Bath	1	1,488	\$	3,259	\$ 1,745	\$ 341,400	\$ 20,000
Deluxe Executive 2 Bedroom / 2 Bath	4	1,663	\$	3,302	\$ 1,745	\$ 366,200	\$ 20,000
Executive B 2 Bedroom / 2 Bath	3	1,588	\$	3,328	\$ 1,745	\$ 353,400	\$ 20,000
Executive A 2 Bedroom / 2 Bath	15	1,688	\$	3,339	\$ 1,745	\$ 379,100	\$ 20,000
Total / Weighted Average	178	1,297	\$	3,104	\$ 1,745	\$ 298,132	\$ 20,000
Existing Independent Living Units Total/Weighted Average	644	1,168	\$	3,054	\$ 1,745	\$ 277,540	\$ 20,000

Source: Management

Note:

(1) Monthly Service Fee includes cable revenue of \$55 per month and a meal allowance of \$267 a month.

(2) Monthly Service Fee includes a meal allowance of \$267 a month.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Assisted Living

In 1990, the Corporation commenced construction of Gardens West, a 3-story, 42,383 square foot, assisted living facility with 62 private rooms and two suites ("Gardens West").

Assisted living is for Residents who require assistance with the activities of daily living. The lobby atrium of Gardens West provides an open area to the height of all three stories. There are common areas on every floor, and library and kitchen facilities available to Residents as well as a dining room serving three meals a day. Each unit is equipped with a bathroom with a walk-in shower, closet space, and a 24-hour emergency call system. Residents receive help with routing activities such as bathing, laundry, personal services and appointment setting. Weekly housekeeping, daily bed-making, 24-hour nursing supervision, medication monitoring, and social activity opportunities are provided seven days a week. All units are unfurnished in order to allow Residents to furnish their units with belongings that make them their homes. A move-in coordinator and a resident relations coordinator assist the Residents and their families in making the move to this intermediate level of care.

Residents of the Independent Living Units may transfer to the Assisted Living Units as necessary and in accordance with the terms of the "Residency Agreement". Assisted Living Units are also available for occupancy by direct admits. Direct admits are admitted, pursuant to the terms of a separate agreement, on an as-available basis to the extent that the units are not required to accommodate Residents. Generally, such direct admits must be at least 62 years of age and demonstrate sufficient financial resources to pay the required fees and other related expenses.

The following tables summarize the types, sizes, and prices of the Assisted Living Units.

Table 2
Assisted Living Units
Unit Mix, Square Footage and Fees

Unit Name	Total Units	Square Footage	Daily Per Diem ⁽¹⁾
Assisted Living Units:			
Suites	2	342	\$112
One-Bedroom	62	438	\$112
Total / Weighted Average	64	435	\$112

Source: Management

(1) The fees reflect the direct fees for a particular unit. Note that many of the residents are transfers from Independent Living Units that pay a lifecare rate, not reflected above.

Health Centers

In 1973, the Corporation commenced construction of the original skilled nursing facility. This facility served the Community until 2019, when the building was demolished and became the future site of the "Pavilion". The Health Centers shifted to a Green House® model of elder care. The Green House® Model is a small home concept centered on patient living and staff interaction. The Woodlands, completed in 2016, is a seven story, 124,633 square foot building features 144 private suites, of which 48 are dedicated to short term rehabilitation and 96 are dedicated to long-term care ("The Woodlands").

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

In 1980, the Corporation commenced construction of a large, second, two-story, 43,253 square foot skilled nursing facility. This building was emptied with the opening of The Woodlands, and completely deconstructed in 2018. The building was reconstructed into the Green House ® model for elder care ("Seaside Cove"). Seaside Cove was opened in the fall of 2018 and contains 40 single bed units designed in three small Green House ® homes and a 10-unit hospice facility.

The following tables summarize the types, sizes, and prices of the Skilled Nursing Beds.

Table 3
Skilled Nursing Beds
Unit Mix, Square Footage and Fees

	Number of Beds	Square Feet	Daily Per Diem ⁽¹⁾
Nursing Beds:			
Private	194	293 - 312	\$450
Total / Weighted Average	194	294	\$450

Source: Management

Note:

(1) Reflects the published per-diem rate as of January 1, 2021 for private pay residents.

The Community

The Community is located on approximately 65 acres in Pompano Beach, Florida, in Broward County, and is approximately 3.5 miles from the Atlantic Ocean and 8 miles north of downtown Fort Lauderdale, Florida. The Community has two lakes, extensive walkways and walking paths, numerous fountains and tropical landscaping. Near the Community are pharmacies, grocery stores, gas stations, banks, and fast food and sit-down restaurants. There are several medical clinics located near the Community, including family practice and specialty services. Additionally, North Broward Medical Center and Holy Cross Hospital are located within 5 miles of the Community.

The Community reflects a "Life Care" concept, which recognizes that the needs of elderly residents vary along a continuum from independent living to increasing health care needs. The various living and care options offered at the Community address the physical, social, psychological, and emotional needs of its Residents. The Community provides levels of care which reflect the varying levels of intensity of care needed to meet the changing needs of the Residents. All applications for residency are considered equally without regard to an individual's marital status, race, sex, creed, or national origin. The Community has been designed to meet all applicable building codes as well as The Fair Housing Act of 1988 and The Americans with Disabilities Act.

Services and Amenities

The Residents of the Community receive the following services:

- Monthly meal allowance sufficient to provide regular healthy meals. Special diet menus and catering is available;
- Bi-weekly housekeeping;
- Around-the-clock security staff throughout the Community;
- Gated and controlled access;
- Comprehensive monitoring system including emergency alert cords, daily assurance check-in system and smoke detectors;
- Transportation via buses and electric carts within the Community;
- Scheduled transportation to doctor's offices, churches, banks, and shopping;
- All maintenance both inside and outside of homes;

See Accompanying Independent Accountants' Examination Report

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- All utilities and property taxes;
- Nurses provide emergency and referral services through clinic 24 hours a day;
- Assisted Living at Gardens West on campus;
- Full-time skilled nursing care currently provided in the Woodlands and Seaside Cove;
- Bank branch located on campus; and
- Doctor offices located in the Professional Building (described herein).

Residents can take advantage of an active lifestyle. The Residents have access to and participate in many different types of events in the 250-seat auditorium. The Corporation's activities staff organizes escorted trips to many destinations in Florida and the United States. Residents take trips to the theater and symphony as well as visits to libraries, malls and restaurants. There is a wood, metal and stained-glass workshop, shuffleboard, horseshoes, a putting green and a heated swimming pool at the Community. Residents may play golf and at nearby public and private clubs. Weekly religious services are conducted in the Community, and transportation is available to the many local houses of worship.

Wellness nurses are available 24 hours a day to respond to Resident needs and questions. Residents and employees can take advantage of the monthly medical screenings and the annual health fair to monitor blood pressure, blood sugar, cholesterol, balance, hearing and many other medical issues. Support groups are available for diabetes and Parkinson's disease. The fitness program includes a staff of five professionals offering screening, evaluation, orientation and supervision for each Resident's level of function and a full range of classes, including water exercise, aerobics and yoga in the newly-renovated and enlarged fitness center.

Transportation Network. Transportation is an important component of Community life. The Corporation has a fleet of vehicles available to take Residents around campus and into the Community. Enclosed carts are used to transport Residents across campus. Regularly scheduled bus service transports Residents to local grocers, shopping centers, pharmacies, and professional services on a complimentary basis. Personalized transportation is also available by car for an additional fee for those Residents who choose not to take advantage of the bus service provided.

Dining. Meals are prepared daily and available at the campus restaurants, the Palm Bistro, Glades Grill, and Stryker's Bar and for home delivery. The Corporation expects to open two restaurants in 2022. The restaurants will be overlooking a new formed lake and pedestrian zone. The pedestrian zone will be formed by the centric Cassels Tower, Westlake Tower, Pavilion and Gardens West. The newly built first floor of the Westlake Tower will also house resident centered activities.

Fitness Center. The Fitness Center is 7,000 square feet that includes exercise equipment and machines, a fitness studio for classes, with a trained and licensed staff who instruct classes from mediation to yoga and Pilates to Zumba every day. The Community offers private lessons and personal training.

Common Areas. The Community includes recreation areas, including a rose garden and a landscaped area. The Community has been certified by the National Wildlife Federation as a Wildlife Habitat because of the conscientious planning, landscaping and sustainable gardening on campus.

Village Centre Auditorium. The Village Centre Auditorium, which seats up to 250 people, is the home for campus performances, spiritual services, gallery shows, lectures, and movies. The Auditorium is equipped state-of-the-art sound and projection equipment with an electrically driven divider wall. The Hibiscus Room is adjacent to the performance area and is a popular spot for smaller gathering and pre-show gatherings. This building also is home to the 60 person Glades Grill and supports Stryker's Bar and Aquatic Complex.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Welcome & Innovation Center. The Corporation recently opened a new 7,200 square foot facility that will house the sales and marketing departments. This building also includes a design center, demonstration kitchen, conference room and open-air space for campus and community events.

Aquatics Complex. The Corporation recently opened the Aquatics Complex that contains two swimming pools; a resort-style pool for relaxation and a four-lane lap pool. The Aquatics Complex has a poolside pub, two covered Pickleball and Bocce ball courts, fire pit, jacuzzi and locker rooms.

The Projects

The Pavilion Project

The Corporation is constructing and equipping a free-standing performing arts center that will have flexible seating arrangements and can accommodate approximately 400 seats, two restaurants, a bar, event space and indoor and outdoor dining next to a newly formed lake (the "Pavilion"). The expected approximate square footage of the Pavilion is 37,117 square feet. The Corporation expects that the Pavilion will be available for Village events and as rental event space for the outside community.

The Corporation is also undertaking various other projects, including filling an existing lake and constructing a new lake, constructing a central energy plant (the "CEP"), constructing additional parking spaces, reconfiguring and resurfacing certain existing parking lots, as well as related utilities and infrastructure work (collectively with the Pavilion, the "Pavilion Project"). The construction costs for the Pavilion Project are forecasted to be approximately \$34.4 million (exclusive of marketing, escalation, and owner contingency costs) and overall Pavilion Project costs are expected to be approximately \$35.8 million in total. The new lake, with its accompanying bulkheads, will be located south of the Pavilion (which will have lakeside outdoor dining), north of Cassels Tower and west of the Westlake Tower (as described herein). The CEP will provide chilled water to certain buildings in the Community, including the Pavilion and the proposed Westlake Tower, providing a more efficient HVAC operation. The CEP will house its own electrical back-up generator for HVAC operations to limit interruption during storms and power outages.

On October 22, 2020, the Corporation used the proceeds of the Series 2020 Bonds (as herein defined) for the development of the Pavilion Project. As of December 31, 2020, Management had incurred approximately \$4,917,000 in costs related to the Pavilion Project. Management has forecasted the completion of the Pavilion Project in February 2022.

The Westlake Project

The Corporation is planning the construction of a new 15-story tower ("The Vue") and a new 11-story tower ("The Terrace"), collectively the "Westlake Project", with approximately 146 independent living units with 7 different unit types and square footage ranging from 1,200 to 2,200 square feet to be located east of the Pavilion and the new lake (collectively, the "Westlake Tower") and a waterway connecting the newly constructed Lake Maggie to a new lake (the "Waterway").

The following table summarizes the anticipated unit mix, square footage, Entrance Fees and Monthly Service Fees of the proposed Expansion Independent Living Units at the time of the Project's anticipated opening, which is currently forecasted to occur in February 2024.

The Pavilion Project and the Westlake Project are collectively referred to herein as the "Project".

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 4
Expansion Independent Living Units
Unit Mix, Square Footage and Fees at Opening

Floor Plan	Unit Type	Total Units ⁽¹⁾	Square Footage	Monthly Service Fee		Entrance Fee	
				First Person	Second Person	Plan First Person	Plan Second Person
Amelia	1 Bedroom / 1.5 Bath / Den	50	1,231	\$ 3,700	\$ 2,000	\$ 335,000	\$ 30,000
Biscayne	1 Bedroom / 2 Bath / Den	12	1,502	\$ 4,550	\$ 2,000	\$ 460,000	\$ 30,000
Captiva	2 Bedroom / 2 Bath / Den	24	1,759	\$ 4,560	\$ 2,000	\$ 473,500	\$ 30,000
Sanibel	2 Bedroom / 2.5 Bath / Den	24	1,889	\$ 4,730	\$ 2,000	\$ 525,500	\$ 30,000
Siesta	2 Bedroom / 2.5 Bath / Den / Penthouse	5	2,268	\$ 5,200	\$ 2,000	\$ 664,800	\$ 30,000
Cobia	2 Bedroom / 2 Bath	15	1,502	\$ 4,200	\$ 2,000	\$ 407,500	\$ 30,000
Tarpon	2 Bedroom / 2 Bath / Den	15	1,821	\$ 4,600	\$ 2,000	\$ 510,000	\$ 30,000
Wahoo	4 Bedroom / 4 Bath / Den / Penthouse	1	3,323	\$ 10,400	\$ 2,000	\$ 1,329,600	\$ 30,000
Expansion Independent Living Units Total/Weighted Average		146	1,587	\$ 4,322	\$ 2,000	\$ 442,891	\$ 30,000

Source: Management

Notes:

(1) Pricing for the Entrance Fee is reflected in year 2024, and for Monthly Service Fees in year 2024.

The following table presents the unit configuration of the Corporation before and after the Project.

Table 5
Unit Configuration
Before and After the Westlake Project

Level of Care	Prior to Project	Additions Due to Project	Upon Project Completion
Independent Living Units	644	146	790
Assisted Living Units	64	-	64
Skilled Nursing Beds	194	-	194
Total Units/Beds	902	146	1,048

Source: Management

Projects Timeline

A proposed timeline for the construction of the Pavilion Project and the financing, construction, and fill-up of the Westlake Project, as provided by Management, is presented below.

Table 6
Projects Timeline

Milestone	Date
Began Sitework/Construction on Westlake Project	October 2021
Obtain Financing For Westlake Project	December 2021
Construction Complete on Pavilion Project	February 2022
Construction Complete on Westlake Project	January 2024
Westlake Project Opening	February 2024
Westlake Project Units Achieve 91% Occupancy	December 2025

Source: Management

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Residency Agreements

The Corporation offers two types of residency agreements: a LifeCare Contract (the "Type A Contracts") and a modified contract (the "Type C Contracts" and, together with the Type A Contracts, the "Residency Agreements"). All Residency Agreements require the payment of an Entrance Fee and are offered on either a fully amortizing or 50% refundable Entrance Fee basis (where 50% of the Entrance Fee paid by the Resident will be refunded when the contract is terminated). The Entrance Fee required for the Type C Contract is half of the Entrance Fee required for a Type A Contract.

All Residents of Independent Living Units, who have entered into Residency Agreements, are entitled the services described herein and are entitled to admission to the Corporation's Assisted Living Units and Health Centers on a preferred basis. Residents under Type A Contracts pay a rate equal to the last monthly service fee paid in their Independent Living Unit for health care services in the Assisted Living Units and Health Centers and must also pay to upgrade their meal plan to a minimum of three meals a day. In contrast, Residents under Type C Contracts incur all out-of-pocket costs for admission into an Assisted Living Unit or the Health Centers, at the applicable daily private pay rates, as well as the cost of upgrading their meal plan.

As of August 31, 2021, Management has indicated that the Corporation had only one Type C Contract and all Residency Agreements are fully amortizing with no 50% refundable contracts outstanding. Management assumes that entrants during the Forecast Period would select the Type A contract that is fully amortizing (0% refundable).

Qualifications for Residency

Each prospective Resident must be at least 62 years of age. Upon entry into the Community, a physical examination is required to determine that the Resident is capable of independent living. The prospective residents must meet financial requirements, including assets sufficient to provide for the Entrance Fee and Monthly Service Fees of the applicable unit. The Community is operated on a non-discriminatory basis and provides the facilities and services described in the Residency Agreement to individuals without unlawful discrimination due to race, color, religion, sex, age, national origin, ancestry, disability, or any other unlawful reason.

Entrance Fees and Monthly Service Fees

The Corporation requires an Entrance Fee be paid in connection with residence at the Community. A deposit equal to 10% of the Entrance Fee is payable upon selection of an Independent Living Unit. The remaining Entrance Fee is payable at the time of execution of the Residency Agreement. A second-person Entrance Fee is charged for those contracts where there is more than one Resident in a unit. Entrance Fees are held in escrow for seven days. If the resident rescinds the Residency Agreement within the seven-day period, the Entrance Fee is returned in full. Entrance Fee may be refundable to the Resident or the Resident's estate as described below under "Terminations and Refunds Under the Residency Agreements." Entrance Fees are amortized into income using life expectancies that vary by age, gender, level of care and couple status. These life expectancies were developed based on the historical experience of the Community's Residents.

The Corporation requires Residents of the Community to pay Monthly Service Fees. Monthly Service Fees vary in accordance with the size and location of the Independent Living Unit originally selected. The current Monthly Service Fee (adjusted periodically) of the Independent Living Unit occupied by the Resident remains the same through the continuum of care provided in Gardens West, The Woodlands, or the Seaside Cove. The base Monthly Service Fee includes a monthly meal allowance

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

while in an Independent Living Unit, which is reset monthly and is for 15 dinners. An additional charge covering three meals per day is required while in a higher level of care.

Services Provided to Residents

Upon payment in full of the Entrance Fee and ongoing payment of the Monthly Service Fee for an Independent Living Unit, each Resident will be provided an Independent Living Unit and receive certain basic services. Services provided include: (i) a monthly dining dollars program; (ii) bi-weekly housekeeping of the Independent Living Unit; (iii) secured gated community; (iv) maintenance of all common areas and equipment; (v) repair, maintenance or replacement of furnishings provided in the Independent Living Units; (vi) regularly scheduled local transportation; (vii) 24-hour monitoring of the emergency alert system; (viii) a variety of social, recreational, educational, cultural, and health wellness programs; (ix) one surface parking spot per Independent Living Unit; and (x) use of dining rooms, lounges, surface parking, social and recreational rooms, and other common activity facilities.

Approximately 25% of the Corporation's Independent Living Units have more than one person per unit. The second person must pay additional Entrance Fee and additional Monthly Service Fee. If a Resident becomes unable to pay the Monthly Service Fees through no fault of the Resident, the Resident becomes eligible for a benevolence program. This program is funded through donations to the Foundation and allows the Resident to remain at the Community without imposing additional costs on the Corporation.

Terminations and Refunds Under the Fully Amortizing Type A Contracts

A prospective Resident may terminate the Type A Contract for any reason prior to occupancy and receive a full refund of any deposits or Entrance Fees paid. Upon execution of the Type A Contract, the Resident may terminate the contract for any reason and will receive a refund of the Entrance Fee for the unit less a 5% administrative fee and 2% of the remaining Entrance Fee for each month of occupancy or right of occupancy by the Resident. After 50 months of occupancy, no refund of the Entrance Fee is due.

If a Resident dies within 12 months of executing the fully amortizing Type A fully Contract, 50% of the Entrance Fee will be refunded. If a Resident dies after 12 months of executing the fully amortizing Type A Contract, no refund is due.

Entrance Fee refunds are paid within 60 days of receipt of written notice of contract termination and clearing the unit or within 60 days of death of a Resident and clearing the unit. At any time after occupancy or right of occupancy, a Resident may terminate the Type A Contract by providing 30 days' prior written notice. The Type A Contract will terminate automatically upon the Resident's death. The Corporation may terminate a Type A Contract for just cause, including (i) non-payment; (ii) material breach of the Type A Contract or the reasonable rules of the Community; and (iii) health status or behavior which constitutes a substantial threat to the health or safety of the Resident, other Residents or employees.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

PLAN OF FINANCE

Series 2021 Bonds

Management has assumed the following sources and uses of funds in preparing its forecast based on information provided by the Corporation's underwriter, Herbert J. Sims & Co., Inc. (the "Underwriter"). A summary of the forecasted sources and uses of funds for the Corporation financing is provided in the following table:

Table 7 Series 2021 Bonds Forecasted Sources and Uses of Funds (Dollars in Thousands)			
Sources of Funds:			
Series 2021A Bonds - Par Amount	\$	89,885	¹
Plus Original Issue Premium		4,054	¹
Series 2021B Bonds		50,000	²
Total Sources of Funds	\$	143,939	
Uses of Funds			
Construction	\$	98,599	³
Project Contingency		6,152	⁴
Project Cost Escalation		2,200	⁵
Architectural Fees & Expenses		7,937	⁶
Furniture & Equipment and Low Voltage		3,490	⁷
Other Costs		2,790	⁸
Total Project Related Costs		121,168	
Capital Projects		5,500	⁹
Costs of Issuance		1,810	¹⁰
Funded Interest		10,820	¹¹
Debt Service Reserve Fund		4,641	¹²
Total Other Costs		22,771	
Total Uses of Funds	\$	143,939	

Source: Management and the Underwriter

Certain summaries, assumptions, rationale and descriptions included in Management's Forecast are more fully described in the documents pertaining to the Series 2021 Bonds. For more detailed information regarding the proposed terms, conditions, debt service requirements, and any other requirements of the Series 2021 Bonds, all of the Series 2021 Bonds related documents should be read in their entirety.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Notes to Table 7:

1) Series 2021A Bonds:

The Underwriter has indicated that the Series 2021 Bonds would be comprised of:

- \$89,885,000 Series 2021A Bonds (the "Series 2021A Bonds") tax-exempt term bonds, with interest payable March 1 and September 1, beginning March 1, 2022, subject to annual sinking fund redemptions:
 - \$2,130,000 term bond maturing September 1, 2031 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2030 and September 1, 2031.
 - \$6,110,000 term bond maturing September 1, 2036 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2032 through September 1, 2036.
 - \$7,430,000 term bond maturing September 1, 2041 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2037 through September 1, 2041.
 - \$26,180,000 term bond maturing September 1, 2051 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2042 through September 1, 2051.
 - \$48,035,000 term bond maturing September 1, 2056 with a coupon interest rate of 4.00% subject to annual sinking fund redemptions from September 1, 2052 through September 1, 2056.
- The Series 2021A Bonds are also expected to have a bond premium of approximately \$4,054,000.

2) \$50,000,000 Entrance Fee Principal Redemption BondsSM (the "Series 2021 Entrance Fee Bonds") consisting of \$25,430,000 Series 2021B-1 and \$24,570,000 Series 2021B-2. The Series 2021 Entrance Fee Bonds are anticipated to be repaid from the availability of entrance fees received for the Project's independent living units. Interest is assumed to be payable March 1 and September 1, beginning March 1, 2022.

- The Series 2021B-1 bonds have a coupon interest rate of 2.60% and are anticipated to be repaid by January 1, 2026 based on the anticipated timing of entrance fees for the Project's independent living units.
- **The Series 2021B-2 bonds have a coupon interest rate of 1.85% and are anticipated to be repaid by October 1, 2024 based on the anticipated timing of entrance fees for the Project's independent living units.**

3) Management has forecasted direct construction costs related to the construction of the Westlake Project will approximate \$98,599,000. Management has entered into a guaranteed maximum price construction contract ("GMP") dated November 17, 2021 with the general contractor Moss & Associates, LLC in the amount of \$97,163,729. Included within the GMP amount is a contractor contingency of approximately 3 percent of construction costs. It should be noted that although Management has entered into a GMP contract, adjustments for allowances, change orders or other circumstances not addressed in the GMP could result in the total construction costs exceeding the maximum price that was established by the GMP. The forecasted construction costs also include liability insurance, payment and performance bonding as well as general conditions. The general contractor is not required to furnish or cause to be furnished payment and performance bonds in the full amount of its construction contract for the Westlake Project. With

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

respect to subcontractors, in lieu of payment and performance bonds, the construction manager has obtained subcontractor default insurance ("SDI") from Indian Harbor Insurance Company, an affiliate of AXA XL, to insure performance and completion of the obligations of its subcontractors at the construction manager level. The GMP also includes liquidated damages for delays occurring subsequently to the substantial completion date of December 29, 2023 beginning 31 days after this date for \$6,250 per day. Commencing on the 61st day until substantial completion, this increases to \$12,500 per day but is capped at \$1,642,865.

- 4) Management has included an owner's contingency of approximately \$6,152,000.
- 5) Management has included a contingency for escalation of \$2,200,000 for the Westlake Project. The GMP provides that if the price of materials, shipping or trucking increases by more than (3%) compounded per annum from the date of execution of the agreement (through no fault of the construction manager and with the construction manager taking commercially reasonable efforts to lock down and buy out subcontracts and material prices, including early acquisition of materials), then the Corporation would pay for such cost increases. There is no ceiling as to the amount payable by the Corporation should an escalation in such prices occur. The Corporation will be depositing \$2,200,000 in bond proceeds into the Construction Fund held by the bond trustee as a reserve for any such escalation.
- 6) Management has forecasted architectural fees and expenses and other professional-related fees of the Project will approximate \$7,937,000, primarily based on the architect contract with Perkins Eastman Architects, D.P.C., as well as other professionals.
- 7) Management has anticipated furniture, fixtures, equipment, and other such costs for the Project will approximate \$3,490,000 based on Management's estimates.
- 8) Management has forecasted funding other costs, such as consulting fees and other expenses associated with the Project, of approximately \$2,789,000, which include project management services and owners representative fees.
- 9) Management has forecasted additional bond proceeds to fund \$5,500,000 of routine capital projects that are anticipated to occur in 2023 and 2024.
- 10) Represents Management and the Underwriter estimated costs related to the Underwriter's discount, legal fees, accounting fees and other costs associated with the proposed issuance of the Series 2021 Bonds.
- 11) Represents borrowed funds for interest on the Series 2021 Bonds for approximately 29 months.
- 12) Management has forecasted a debt service reserve fund of approximately \$4,641,000 for the Series 2021A Bonds only. There is no debt service reserve fund for the Series 2021B Bonds.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MARKET ASSESSMENT

Management's assumptions for the future utilization of the Project were developed based on analysis of the following factors, which may affect the demand for the services:

- Site description and general area analysis;
- Defined primary market area ("PMA") for the Independent Living Units;
- Demographic and economic characteristics of the defined PMA;
- Estimated age- and income-qualified households within the defined PMA;
- Description and utilization of existing and proposed comparable retirement communities within the defined PMA;
- Penetration rates for retirement community services within the defined PMA; and
- Management's ability to market the Expansion Independent Living Units.

Site Analysis

Site Description and Surrounding Land Use

The Community is located at 651 Southwest Sixth Street in Pompano Beach, Florida within an area of both retail and mixed-use residential structures located three-and-a-half miles from the Atlantic Ocean and approximately eight miles north of downtown Fort Lauderdale. The Westlake Project is planned to be constructed in the middle of the campus following the demolition of the patio dining room building, the "Village Glen" building, and the 6 most westwardly Independent Living triplexes that currently house 18 total Independent Living Units (the "Site"). The Pavilion, currently under construction located adjacent to the Westlake Project, will offer a performing arts center and two new restaurants. In addition to the new construction, Rex Foster Lake and Lake Maggie are planned to be rerouted and connected to provide everyone on campus with more expansive and enhanced water views.

Single family residential neighborhoods surround the Community to the south, while a mix of multi-family and single-family dwellings are located to the north of the Community. Various retail establishments are located to the east of the Community between and across South Dixie Highway. Interstate 95 borders the Community to the west.

Access and Visibility

The Community is located off John Knox Village Boulevard, which provides direct and primary access to the Community from the north. Secondary access to the Community is from Village Drive via South Dixie Highway/Florida Highway 811 to the east, as this highway offers direct access to Boca Raton to the north and Fort Lauderdale to the south. Interstate 95, which runs the entirety of the east coast of Florida all the way through the state of Maine, runs parallel to South Dixie Highway the west and can be accessed via Atlantic Boulevard/Florida State Highway 814 to the north and Northeast Sixty-Second Street to the south. The Fort Lauderdale-Hollywood International Airport is located roughly 15 miles south of the Community.

The maps that follow show the location of the Community in Pompano Beach as well as the location of the Community in proximity to Miami and West Palm Beach.

This map displays the John Knox Village area in Broward County, Florida. The main map shows a grid of streets with various landmarks and community features marked by colored icons. A red star icon labeled "Community" is located near the center of the map, indicating the John Knox Village community. The map also shows major roads like I-95 and I-75, and nearby areas like Weston, Fort Lauderdale, and North Miami. An inset map in the top left corner provides a broader view of the region, showing the location of John Knox Village relative to other major cities in Florida. A legend in the bottom right corner defines the symbols used for Area Landmark Features (Park, Shopping Center) and Landmark Features (Bank/Credit Union, Grocery Store, Pharmacy, Restaurant, Coffee Shop, Hospital ER, Library, Post Office). A scale bar indicates distances in miles (0, 3, 6).

Proximity to Retail, Health Care, and Community Services

There are a variety of community services available to seniors in the area. The Northwest Focal Point Senior Day Care Center is located approximately 6 miles west of the Community in Margate, which offers seniors a daily lunch along with a variety of daily activities such as arts and crafts, bingo, blackboard puzzles, board games, cards, current events, dominoes, exercise, health talks, lectures, parties, sing-alongs and trivia.

Broward Health Medical Center, Broward Health Imperial Point and Holy Cross Health located roughly three miles from the Community. Additionally, there are several medical clinics located along Atlantic Boulevard within one mile of the Community which includes primary care clinics and specialty clinics. The following table summarizes hospitals within approximately 9 miles of the Community.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 8
Hospitals Located Near the Community ⁽¹⁾

Hospital Name	Location (City/ZIP Code)	Approx. Miles from the Community	Type	Number of Beds
Broward Health Medical Center	Fort Lauderdale / 33316	3	Short Term Acute Care	497
Broward Health Imperial Point	Fort Lauderdale / 33308	3	Short Term Acute Care	204
Holy Cross Health	Fort Lauderdale / 33308	3	Short Term Acute Care	367
Broward Health North	Deerfield Beach / 33064	4	Short Term Acute Care	334
Northwest Medical Center	Margate / 33063	7	Short Term Acute Care	283
Saint Anthony's Rehabilitation Hospital	Lauderdale Lakes / 33311	8	Rehabilitation	26
Saint John's Nursing Center	Lauderdale Lakes / 33311	8	Rehabilitation	181
Kindred Hospital - South Florida Fort	Fort Lauderdale / 33301	9	Long Term	81
Florida Medical Center	Fort Lauderdale / 33313	9	Short Term Acute Care	459

Source: American Hospital Directory, September 2021.

Note:

(1) The table excludes children's and psychiatric hospitals.

Primary Market Area

Management defines the PMA for the Independent Living Units as the geographic area from which the majority of the prospective residents are assumed to originate prior to occupancy at the Community's Independent Living Units. Based upon an analysis of the origin of historical admissions to the Independent Living Units and the origin of Expansion Independent Living Unit "Depositors", an individual who has put down 10% of their required Entrance Fee, Management has defined the PMA to be an area that encompasses 21 ZIP Codes and extends from the Site approximately 7 miles to the north, 10 to 12 miles to the south, 2 to 3 miles to the east, and 4 to 6 miles to the west.

The following table summarizes the ZIP Codes and corresponding city/locality that make up the PMA.

Table 9
PMA ZIP Codes and Cities/Localities

ZIP Code	City/Locality	ZIP Code	City/Locality	ZIP Code	City/Locality
33060 ⁽¹⁾	Pompano Beach	33062	Pompano Beach	33063	Margate
33064	Pompano Beach	33066	Coconut Creek	33069	Pompano Beach
33073	Coconut Creek	33301	Fort Lauderdale	33304	Fort Lauderdale
33305	Wilton Manors	33306	Fort Lauderdale	33308	Fort Lauderdale
33309	Fort Lauderdale	33311	Fort Lauderdale	33312	Fort Lauderdale
33315	Fort Lauderdale	33316	Fort Lauderdale	33334	Oakland Park
33394	Fort Lauderdale	33441	Deerfield Beach	33442	Deerfield Beach

Source: Management

Note:

(1) Represents the ZIP Code in which the Community is located.

The following table summarizes the resident origin information for the Existing Independent Living Units and the Expansion Independent Living Depositors.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 10
Origin Data for Existing Independent Living Units and Expansion Independent Living Unit Depositors

Area of Origin	Admissions to the Existing Independent Living Units from January 1, 2019 to September 2, 2021		Depositors for the Expansion Independent Living Units as of October 19, 2021	
	Number	Percentage	Number	Percentage
PMA ZIP Codes:				
33060 ⁽¹⁾	7	4.0%	5	4.9%
33062	18	10.3%	5	4.9%
33063	1	0.6%	0	0.0%
33064	4	2.3%	3	2.9%
33066	3	1.7%	1	1.0%
33069	10	5.8%	5	4.9%
33073	1	0.6%	0	0.0%
33301	7	4.0%	3	2.9%
33304	4	2.3%	10	9.7%
33305	6	3.5%	3	2.9%
33306	5	2.9%	0	0.0%
33308	28	16.1%	13	12.6%
33309	1	0.6%	3	2.9%
33311	1	0.6%	0	0.0%
33312	3	1.7%	0	0.0%
33315	2	1.2%	1	1.0%
33316	8	4.6%	1	1.0%
33334	4	2.3%	3	2.9%
33394	0	0.0%	0	0.0%
33441	0	0.0%	1	1.0%
33442	4	2.3%	0	0.0%
Subtotal PMA	117	67.2%	57	55.3%
Other Areas in Florida	38	21.8%	9	8.7%
Outside of Florida	19	10.9%	7	6.8%
Subtotal in and outside of PMA	174	100.0%	73	70.9%
Internal transfers from the Existing Independent Living Units	0	100.0%	30	29.1%
Total	174	100.0%	103	100.0%

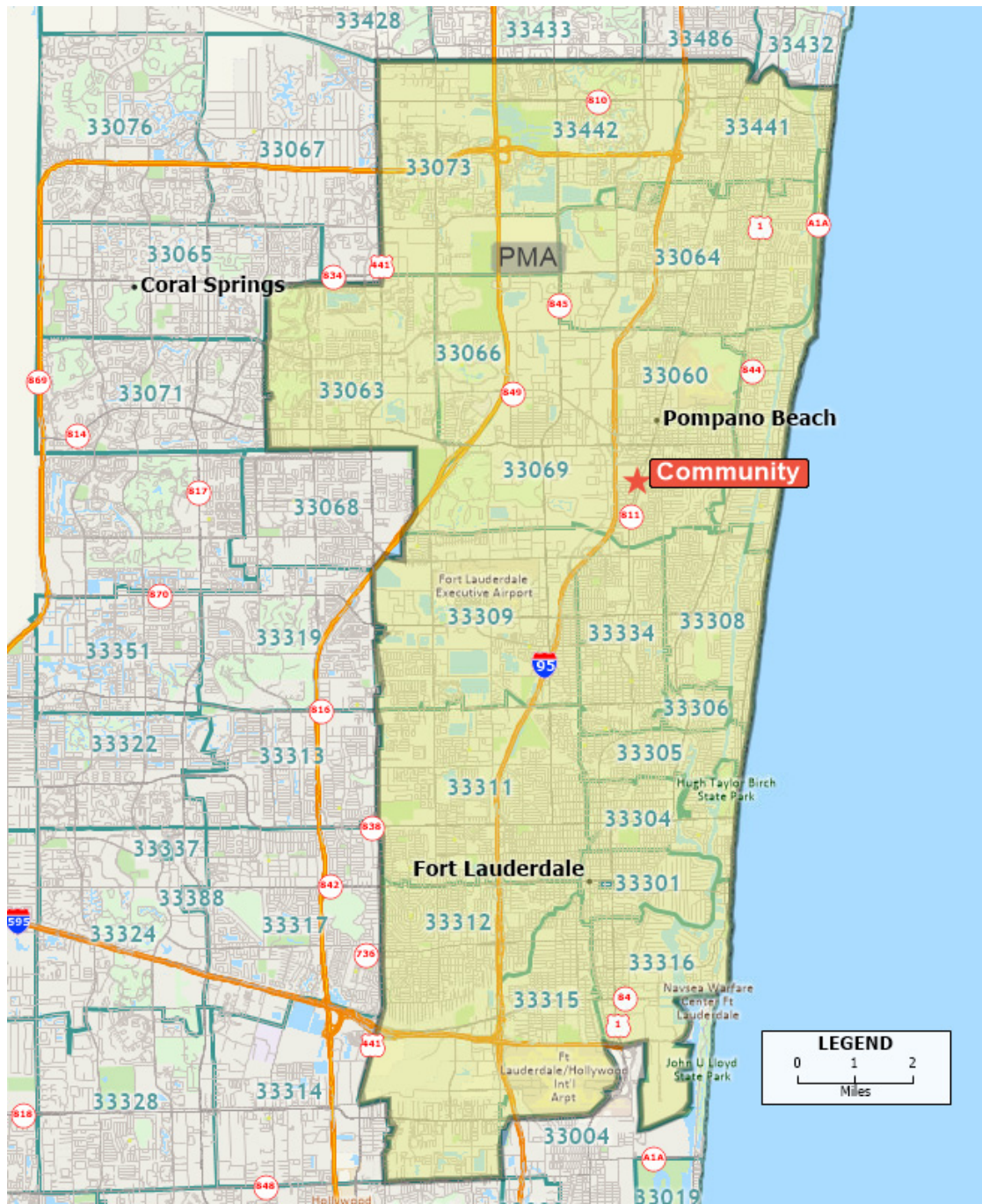
Source: Management

Notes:

(1) Represents the ZIP Code in which the Community is located.

MANAGEMENT’S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following map depicts the PMA, along with the location of the Community.



Source: Maptitude

PMA Population Data

The age distribution of the population in a geographic area is considered by Management to be a key factor in the determination of the area’s retirement housing needs. Population data regarding numbers of elderly is presented in the following tables. The 2021 and 2026 data in the following tables are estimates

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

and projections, respectively, provided by Environics Analytics, a recognized provider of census demographic information.

Table 11
Senior Population Change for the PMA

	2010 (Actual) Population	2021 (Estimated) Population	2026 (Projected) Population	Average Compounded Percentage Change	
				2010 to 2021	2021 to 2026
Total Population	559,747	623,351	655,562	1.0%	1.0%
Population Under Age 65	462,384	494,179	505,508	0.6%	0.5%
Age 65 to 74 Population	47,885	71,201	87,890	3.7%	4.3%
Age 75 to 84 Population	32,267	38,716	41,138	1.7%	1.2%
Age 85 & Over Population	17,211	19,255	21,026	1.0%	1.8%
Total Age 65 & Over	97,363	129,172	150,054	2.6%	3.0%
Total Age 75 & Over	49,478	57,971	62,164	1.5%	1.4%

Source: Environics Analytics

The following table presents the percentage of total population by age group for the senior population in the PMA, the state of Florida and the United States.

Table 12
Percentage of Total Population by Age Cohort

	2021 (Estimated)		
	PMA	Florida	U.S.
<u>Age Cohort</u>			
65 & Over	20.7%	21.6%	17.1%
75 & Over	9.3%	9.4%	7.0%
85 & Over	3.1%	2.7%	2.0%
	2026 (Projected)		
	PMA	Florida	U.S.
<u>Age Cohort</u>			
65 & Over	22.9%	23.8%	19.1%
75 & Over	9.5%	9.9%	7.5%
85 & Over	3.2%	2.9%	2.1%

Source: Environics Analytics

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Senior Household Income in the PMA

The following table presents the household income distribution data in the PMA. The 2021 and 2026 data in the table are estimates as provided by Environics Analytics. The following table also presents data for 2024, the year in which the Expansion Independent Living Units are planned to open, that has been interpolated from information provided by Environics Analytics.

Table 13
Senior Household Income for the PMA

2021 (Estimated)					
Household Income	Age 65-74	Age 75-84	Age 85 & Over	Total Age 65+	Total Age 75+
Less than \$25,000	10,907	8,782	6,438	26,127	15,220
\$25,000 - 34,999	4,149	3,322	1,850	9,321	5,172
\$35,000 - 49,999	6,187	3,913	1,954	12,054	5,867
\$50,000 - 74,999	7,461	4,027	1,840	13,328	5,867
\$75,000 - 99,999	5,109	2,051	893	8,053	2,944
\$100,000 - 149,999	5,100	2,116	650	7,866	2,766
\$150,000 - 199,999	2,083	729	258	3,070	987
\$200,000 or More	4,584	1,332	418	6,334	1,750
Total Households	45,580	26,272	14,301	86,153	40,573
Median Household Income	\$ 54,420	\$ 38,533	\$ 28,312	\$ 44,082	\$ 34,931
2024 (Interpolated) ⁽¹⁾					
Household Income	Age 65-74	Age 75-84	Age 85 & Over	Total Age 65+	Total Age 75+
Less than \$25,000	11,471	8,646	6,530	26,647	15,176
\$25,000 - 34,999	4,474	3,333	1,920	9,727	5,253
\$35,000 - 49,999	6,622	3,906	2,007	12,535	5,913
\$50,000 - 74,999	8,516	4,228	1,982	14,726	6,210
\$75,000 - 99,999	5,898	2,175	996	9,069	3,171
\$100,000 - 149,999	6,260	2,346	771	9,377	3,117
\$150,000 - 199,999	2,642	821	326	3,789	1,147
\$200,000 or More	5,864	1,562	528	7,954	2,090
Total Households	51,747	27,017	15,060	93,824	42,077
Median Household Income	\$ 58,487	\$ 40,379	\$ 29,665	\$ 48,646	\$ 36,544
2026 (Projected)					
Household Income	Age 65-74	Age 75-84	Age 85 & Over	Total Age 65+	Total Age 75+
Less than \$25,000	11,847	8,555	6,592	26,994	15,147
\$25,000 - 34,999	4,690	3,341	1,967	9,998	5,308
\$35,000 - 49,999	6,912	3,902	2,042	12,856	5,944
\$50,000 - 74,999	9,219	4,362	2,077	15,658	6,439
\$75,000 - 99,999	6,424	2,257	1,065	9,746	3,322
\$100,000 - 149,999	7,034	2,500	851	10,385	3,351
\$150,000 - 199,999	3,014	883	371	4,268	1,254
\$200,000 or More	6,718	1,715	602	9,035	2,317
Total Households	55,858	27,515	15,567	98,940	43,082
Median Household Income	\$ 61,198	\$ 41,610	\$ 30,566	\$ 49,511	\$ 37,619

Source: Environics Analytics

Note: (1) Interpolated data is based upon the 2021 and 2026 data provided by Environics Analytics.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Real Estate Trends in the PMA

Management has assumed the majority of residents moving into the Community's Expansion Independent Living Units will sell their current homes prior to relocating to the Community. The ability of potential residents to sell their homes in a timely fashion may have an impact on the fill-up period of the Project and may affect the ability of residents to pay the entrance fees, in some cases.

The following table summarizes historical data on the number of homes sold, median sales price, and average days on the market for single-family homes sold for the ZIP Codes included in the PMA.

Table 14
Single-Family Home Sales Trends in the PMA
2018 through September 30, 2021

		ANNUAL DATA									For the 9 Months Ended September 30, 2021		
		2018			2019			2020					
ZIP Code	Location	Number of Homes Sold	Median Sales Price	Avg. DOM	Number of Homes Sold	Median Sales Price	Avg. DOM	Number of Homes Sold	Median Sales Price	Avg. DOM	Number of Homes Sold	Median Sales Price	Avg. DOM
33060 ⁽²⁾	Pompano Beach	298	\$325,562	74	246	\$355,436	90	283	\$390,625	76	238	\$476,592	62
33062	Pompano Beach	178	661,201	110	154	594,587	107	214	726,957	99	180	908,217	69
33063	Margate	476	292,459	67	531	300,692	75	459	325,989	68	346	357,092	54
33064	Pompano Beach	601	244,105	78	575	257,331	90	604	310,787	81	541	341,728	66
33066	Coconut Creek	93	325,839	82	73	325,262	78	85	338,724	67	60	401,383	54
33069	Pompano Beach	83	214,601	73	57	217,746	82	73	255,227	107	43	334,705	78
33073	Coconut Creek	259	372,435	76	292	382,101	77	263	409,027	64	221	452,072	55
33301	Fort Lauderdale	150	1,373,324	150	155	1,274,418	128	204	1,573,380	150	219	2,044,087	97
33304	Fort Lauderdale	147	507,422	92	144	574,429	106	144	618,681	94	151	742,979	78
33305	Wilton Manors	201	618,013	91	189	728,515	93	190	738,784	88	204	895,632	76
33306	Fort Lauderdale	57	674,263	96	66	648,418	108	73	737,825	106	63	907,619	80
33308	Fort Lauderdale	296	662,874	109	306	660,015	103	301	786,445	89	292	933,442	69
33309	Fort Lauderdale	341	259,375	69	338	267,464	77	336	302,311	73	254	343,882	58
33311	Fort Lauderdale	551	203,472	73	537	214,620	85	453	249,331	83	407	288,081	65
33312	Fort Lauderdale	488	303,059	74	543	312,723	90	479	338,653	79	463	389,479	64
33315	Fort Lauderdale	146	362,039	72	148	360,584	87	151	425,503	74	166	465,552	62
33316	Fort Lauderdale	93	1,462,640	138	80	1,571,991	159	103	1,366,772	161	102	1,838,407	133
33334	Oakland Park	403	333,626	72	348	355,208	85	387	379,477	77	365	425,868	59
33441	Deerfield Beach	200	312,148	86	207	328,536	73	216	400,995	86	150	451,967	63
33442	Deerfield Beach	164	327,406	71	182	331,621	83	170	358,504	76	133	411,805	65
Total/ Wtd. Avg.		5,225	\$396,664	82	5,171	\$406,813	89	5,188	\$477,188	84	4,598	\$592,377	67

Source: Multiple listing service data summary provided by Moving Station, October 2021.

Notes:

DOM = days on market

(1) No residential real estate data was available for ZIP Code 33394.

(2) Represents the ZIP Code in which the Community is located.

Economy and Employment Information

Note that the economic data contained in this Study likely does not reflect the full impact of the COVID-19 pandemic on the local market given the lag in reporting of such data. Therefore, this information likely does not fully portray the adverse impacts the pandemic has had on the local economy.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes the largest employers in Broward County, Florida as of September 30, 2020.

Table 15
Largest Employers in Broward County, Florida
September 30, 2020

Employer	Number of Employees
Broward County School Board	36,575
Memorial Healthcare System	13,500
Broward County Government	12,246
Broward Health	8,477
Nova Southeastern University	6,114
FirstService Residential	5,400
JAЕ Restaurant Group	5,000
Spirit Airlines	3,391
City of Fort Lauderdale	2,831
Q Link Wireless	2,011

Source: Broward, Florida Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020: <https://www.broward.org/Accounting/Pages/Reports.aspx>, retrieved September 2021.

The following table summarizes employment by industry sector for Miami-Fort Lauderdale-West Palm Beach, FL MSA (as defined in Note (1) to the table) and the state of Florida as of May 2020.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 16
Employment by Industry Sector – May 2020

Major Occupational Group	Miami-Fort Lauderdale-West Palm Beach, FL MSA ⁽¹⁾		Florida	
	Number	Percentage	Number	Percentage
Office and Administrative Support	389,270	15.5%	1,242,620	14.7%
Sales and Related	293,800	11.7%	947,690	11.2%
Transportation and Material Moving	221,110	8.8%	699,650	8.3%
Food Preparation and Serving Related	217,570	8.7%	820,890	9.7%
Healthcare Practitioners and Technical	162,320	6.5%	553,130	6.6%
Business and Financial Operations	161,760	6.5%	524,160	6.2%
Management	149,400	6.0%	457,220	5.4%
Educational Instruction and Library	118,610	4.7%	424,700	5.0%
Installation, Maintenance, and Repair	104,890	4.2%	363,340	4.3%
Construction and Extraction	103,950	4.1%	413,800	4.9%
Building and Grounds Cleaning and Maintenance	85,570	3.4%	299,420	3.5%
Protective Service	84,680	3.4%	235,510	2.8%
Healthcare Support	80,590	3.2%	282,840	3.4%
Production	75,870	3.0%	296,180	3.5%
Computer and Mathematical	58,580	2.3%	220,900	2.6%
Personal Care and Service	53,200	2.1%	181,010	2.1%
Legal	36,450	1.5%	92,020	1.1%
Community and Social Service	34,300	1.4%	109,600	1.3%
Arts, Design, Entertainment, Sports, and Media	31,920	1.3%	98,360	1.2%
Architecture and Engineering	26,100	1.0%	114,400	1.4%
Life, Physical, and Social Science	13,720	0.5%	47,870	0.6%
Farming, Fishing, and Forestry	4,230	0.2%	16,450	0.2%
All Occupations ⁽²⁾	2,507,900	100.0%	8,441,750	100.0%

Source: United States Department of Labor, Bureau of Labor Statistics, May 2020 Occupational Employment and Wage Estimates, www.bls.gov/oes/current, September 2021.

Notes:

(1) The Miami-Fort Lauderdale-West Palm Beach, FL MSA represents the following counties in Florida: Broward, Miami-Dade and Palm Beach.

(2) The sum of the employment number and percentage for each category may not foot to the total for all occupations due to rounding estimates.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes unemployment rate trends for Broward County, Florida (which is the county in which the Community is located), Miami-Fort Lauderdale-West Palm Beach, FL MSA, the state of Florida, and the United States for 2016 through September 2021.

Table 17
Unemployment Rate Trends ⁽¹⁾

	Miami-Fort Lauderdale- West Palm Beach, FL			
	Broward County, FL	MSA ⁽²⁾	Florida	United States
2021				
September	*	*	4.3% ^(P)	4.6%
August	4.9% ^(P)	5.6% ^(P)	4.9%	5.3%
July	5.1%	5.7%	5.1%	5.7%
June	5.8%	6.2%	5.7%	6.1%
May	5.2%	5.7%	5.0%	5.5%
April	5.4%	5.9%	5.2%	5.7%
March	5.3%	6.4%	5.3%	6.2%
February	5.1%	6.1%	5.1%	6.6%
January	5.8%	6.6%	5.3%	6.8%
2020 (Annual Average)	8.8%	8.2%	7.7%	8.1%
December	4.2%	5.6%	4.2%	6.5%
November	5.2%	6.3%	5.0%	6.4%
October	6.1%	6.9%	5.6%	6.6%
September	7.7%	9.6%	7.3%	7.7%
August	9.5%	9.0%	8.0%	8.5%
July	13.6%	13.8%	11.9%	10.5%
June	14.0%	11.8%	11.7%	11.2%
May	17.4%	13.7%	14.3%	13.0%
April	16.4%	13.4%	13.9%	14.4%
March	5.9%	4.2%	5.0%	4.5%
February	3.3%	2.6%	3.1%	3.8%
January	3.4%	2.8%	3.4%	4.0%
2019 (Annual Average)	3.2%	3.0%	3.3%	3.7%
2018 (Annual Average)	3.4%	3.6%	3.6%	3.9%
2017 (Annual Average)	4.0%	4.3%	4.2%	4.4%
2016 (Annual Average)	4.5%	5.0%	4.9%	4.9%

Source: U.S. Bureau of Labor Statistics, www.bls.gov, October 2021.

Notes:

(P) = Preliminary data.

(1) Data reflects rates not seasonally adjusted.

(2) The Miami-Fort Lauderdale-West Palm Beach, FL MSA represents the following counties in Florida: Broward, Miami-Dade and Palm Beach.

The COVID-19 pandemic caused severe economic disruptions across the United States in 2020, with the most significant impact on unemployment rates seen during the second quarter of 2020 as shown in the table above. According to the Congressional Budget Office's ("CBO") *The Budget and Economic Outlook: 2021 to 2031*, dated July 2021, labor market conditions are projected to continue to improve. As the economy expands, many people are expected to rejoin the civilian labor force who had left it during the pandemic. The unemployment rate is projected to gradually decline with the number of people employed returning to its prepandemic level in 2022. In the CBO's projections, the national unemployment rate is expected to improve to 4.6 percent by the fourth quarter of 2021 and 4.3 percent by the fourth quarter of

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

2022, with an annual average of 3.7 percent projected for 2023, 4.1 percent for 2024 and 2025 and 4.4 percent projected for 2026 through 2031.

Independent Living Units Market Assessment

Comparable Retirement Communities

Comparable retirement communities may include several types of facilities. Life plan communities (formerly referred to as continuing care retirement communities) may offer life care, modified life care, fee-for-service, or rental contracts. Independent living residents generally have access to common area amenities, which often include a central dining room, a library, lounge areas, and other community areas. Various monthly service fee options often cover laundering the resident's flat linen, housekeeping services, maintenance, scheduled transportation, and one (or more) meals per day.

The life care concept offers independent living housing and various levels of service and healthcare that provides for a resident's changing needs as he/she ages and begins to require a higher level of care. Life care arrangements typically include an entrance fee and a monthly service fee. In a life care facility, a resident may receive assisted living or nursing care at little or no extra charge beyond the monthly service fee paid in his/her independent living unit ("extensive" contract or "Type A" contract). A modified life care community typically offers a limited benefit for assisted living and/or nursing care services ("modified" contract or "Type B" contract).

The fee-for-service community ("fee-for service" contract or "Type C" contract) offers a variation of the typical life care concept. The general concept of continuing care is offered at a fee-for-service facility in various forms. For example, at some facilities, residents pay reduced entrance fees and must pay per-diem rates for assisted living and/or nursing care, while other facilities may offer priority, but not guaranteed admission to assisted living and/or nursing care services, limited allotments of free healthcare days, and/or low or no entrance fees with higher monthly service fees. While healthcare is often provided in the service package for a fee-for-service senior care community, it is funded by the resident on an "as-needed" basis at current per diem rates.

A rental retirement community offers independent living housing and may offer healthcare services, such as assisted living or nursing care. A resident is not required to pay an entrance fee. The resident generally signs a lease for the independent living unit selected and pays for various additional services utilized on a per diem basis. The resident may enter the community at various levels of care in a rental retirement community.

Retirement communities offering an equity option involve the actual purchase of real estate or membership by the resident. This includes independent living condominiums and cooperatives. Healthcare services may be accessible in this type of senior housing on an optional basis.

Management has defined comparable retirement facilities as certain retirement facilities that include independent living services and at least one other level of care, offer similar services and amenities, compete for similar age and income qualified residents, and are located within the PMA of the planned Community (the "Comparable IL Communities in the PMA"). Table 18 provides a summary of the Comparable IL Communities in the PMA. Detailed data on Comparable IL Communities in the PMA is provided on Table 19.

In addition, there are two existing market-rate independent living communities located in the PMA that Management does not consider to be comparable with the Community's Expansion Independent Living Units as they did not meet one or more of the criteria noted previously herein.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following tables present a profile of the Community's Independent Living Units and Comparable IL Communities in the PMA.

Table 18
Comparable IL Communities in the PMA

	Contract Type	Profit / Nonprofit	Year Opened	Number of IL Units	Occupancy
The Community					
Project	Type A	Nonprofit	Jan. 2024	146	N/A
East Lake, Cassels Tower & Garden Villas	Type A / Type C	Nonprofit	1972 / 1973	355	88.5%
Village Towers	Type A / Type C	Nonprofit	1981	170	91.2%
Heritage Tower	Type A / Type C	Nonprofit	2005	119	90.8%
Subtotal - The Community				790	89.6%
Comparable IL Communities in the PMA:					
Belmont Village	Rental	Profit	August 2020	51	78.4%
Five Star Premier Residences of Pompano Beach	Rental	Profit	1990	120	100.0%
Independence Hall	Rental	Profit	1981	49 ⁽¹⁾	50.5% ⁽²⁾
The Court at Palm Aire	Rental	Profit	1996	156	71.2%
The Forum at Deer Creek	Rental	Profit	1990	180	80.0%
The Horizon Club	Rental	Profit	1983	269	74.0%
The Meridian at Waterways	Rental	Profit	2016	34 ⁽³⁾	82.6% ⁽²⁾
The Preserve at Palm Aire	Rental	Profit	1991	180	75.0%
Waterside Landing	Rental	Profit	1988	31 ⁽⁴⁾	90.9% ⁽²⁾
Wickshire	Rental	Profit	1993	123	90.2%
Subtotal/Weighted Average - Comparable IL Communities				1,193	78.9%
Subtotal - Comparable IL Communities Including the Existing IL Units				1,837	82.6%
Total Comparable IL Communities - After the Project is Complete				1,983	

Source: Management, personal tours, telephone interviews and/or other research conducted in September and October 2021.

IL = Independent Living

N/A = Not applicable

Notes:

(1) There are a total of 97 apartments where assisted living services are available in any unit. Staff estimated that approximately 25 of the 49 occupied units are not utilizing assisted living services.

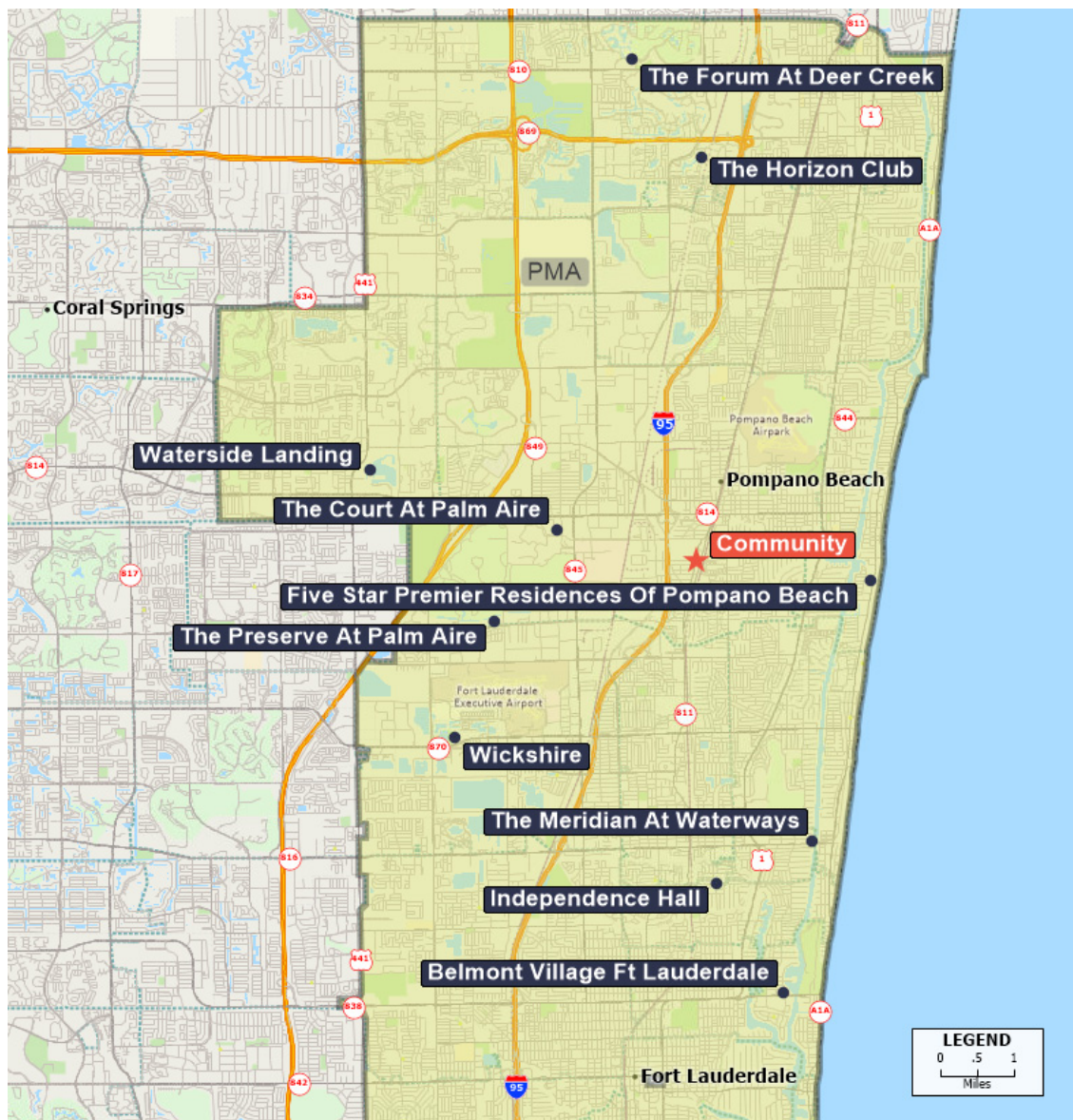
(2) Represents overall occupancy for independent living and assisted living combined.

(3) There are a total of 86 apartments where assisted living services are available in any unit. Staff estimated that approximately 34 units of the 71 occupied units are not utilizing assisted living services.

(4) There are a total of 44 apartments where assisted living services are available in any unit. Staff estimated that approximately 31 units of the 40 occupied units are not utilizing assisted living services.

MANAGEMENT’S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following map depicts the location of the Community and the Comparable IL Communities in the PMA.



Source: Maptitude

The following tables present a profile of the Community’s Independent Living Units and Comparable IL Communities in the PMA.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 19
Comparable IL Communities in the PMA

	The Community			
	Project	East Lake, Cassels Tower & Garden Villas	Village Towers	Heritage Tower
Street Address	651 SW 6th St	651 SW 6th St	651 SW 6th St	651 SW 6th St
City/State/ZIP Code	Pompano Beach, FL 33060	Pompano Beach, FL 33060	Pompano Beach, FL 33060	Pompano Beach, FL 33060
Approx. Miles from the Project	N/A	N/A	N/A	N/A
Type of Contract	Type A	Type A / Type C	Type A / Type C	Type A / Type C
Owner/Sponsor	Corporation	Corporation	Corporation	Corporation
Profit/Nonprofit	Nonprofit	Nonprofit	Nonprofit	Nonprofit
Year Opened	Jan. 2024	1972 / 1973	1981	2005
IL Units:				
Studio apartments	0	3	3	0
One-bedroom apartments	0	81	85	41
One-bedroom/den apartments	62	0	0	0
Two-bedroom apartments	15	93	82	76
Two-bedroom/den or three-br. apts	69	0	0	2
Cottages/Patio Homes/Villas	0	178	0	0
Total IL Units	146	355	170	119
AL/MC Units	0	64 / 0 ⁽¹⁾	0 / 0	0 / 0
SNF Beds	0 / 0	194 ⁽¹⁾	0	0
IL Square Footage:				
Studio apartments	N/A	623	562	N/A
One-bedroom apartments	N/A	868 - 1,013	713 - 1,124	803 - 1,208
One-bedroom/den apartments	1,231 - 1,502	N/A	N/A	N/A
Two-bedroom apartments	1,502	1,258 - 1,736	1,147 - 1,950	895 - 1,698
Two-bedroom/den or three-br. apts	1,759 - 2,268	N/A	N/A	985
Cottages/Townhomes/Patio Homes	N/A	988 - 1,688	N/A	N/A
IL Monthly Service Fees:				
Studio apartments	N/A	\$2,553	\$2,552	N/A
One-bedroom apartments	N/A	\$2,776 - 2,887	\$2,776 - 2,887	\$2,807 - 3,086
One-bedroom/den apartments	\$3,386 - 4,164 ⁽²⁾	N/A	N/A	N/A
Two-bedroom apartments	\$3,844 ⁽²⁾	\$3,007 - 3,732	\$3,018 - 3,730	\$2,848 - 3,730
Two-bedroom/den or three-br. apts	\$4,210 - 9,517 ⁽²⁾	N/A	N/A	\$2,935
Cottages/Townhomes/Patio Homes	N/A	\$2,776 - 3,339	N/A	N/A
IL second person fee	\$1,830 ⁽²⁾	\$1,745	\$1,745	\$1,745
IL Entrance Fees:				
Studio apartments	N/A	\$127,246 ⁽²⁾	\$118,626 ⁽¹⁾	N/A
One-bedroom apartments	N/A	\$200,000 - 236,700 ⁽²⁾	\$166,500 - 248,800 ⁽¹⁾	\$206,800 - 304,400
One-bedroom/den apartments	\$306,572 - 420,965 ⁽²⁾⁽³⁾	N/A	N/A	N/A
Two-bedroom apartments	\$372,920 ⁽²⁾⁽³⁾	\$282,100 - 410,000 ⁽²⁾	\$330,600 - 446,200 ⁽¹⁾	\$230,300 - 446,200
Two-bedroom/den or three-br. apts	\$433,320 - 1,216,772 ⁽²⁾⁽³⁾	N/A	N/A	\$235,500
Cottages/Townhomes/Patio Homes	N/A	\$223,100 - \$379,100 ⁽²⁾	N/A	N/A
IL second person fee	\$27,454 ⁽²⁾⁽³⁾	\$20,000	\$20,000	\$20,000
Included in the Monthly Fee:				
Meals	\$267 meal credit	\$267 meal credit	\$267 meal credit	\$267 meal credit
Housekeeping and linen service	Bi-weekly	Bi-weekly	Bi-weekly	Bi-weekly
Laundry	W/D in unit	W/D in unit	W/D in unit	W/D in unit
Scheduled transportation	Yes	Yes	Yes	Yes
Utilities	All included except phone & wifi	All included except phone & wifi	All included except phone & wifi	All included except phone & wifi
IL Occupancy	N/A	88.5%	91.2%	90.8%

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 19 (Continued)
Comparable IL Communities in the PMA

	Five Star Premier Residences of Pompano			
	Belmont Village	Beach	Independence Hall	The Court at Palm Aire
Street Address	1031 Seminole Drive	1371 South Ocean Blvd	1639 NE 26th St	2701 N Course Drive
City/State/ZIP Code	Fort Lauderdale, FL 33304	Pompano Beach, FL 33062	Wilton Manors, FL 33305	Pompano Beach, FL 33069
Approx. Miles from the Project	8	4	5	3
Type of Contract	Rental	Rental	Rental	Rental
Owner/Sponsor	Belmont Village Senior Living	Five Star Senior Living	Marrinson Senior Care Residences	Five Star Senior Living
Profit/Nonprofit	Profit	Profit	Profit	Profit
Year Opened	August 2020	1990	1981	1996
IL Units:				
Studio apartments	0	*	*	24
One-bedroom apartments	20	*	*	98
One-bedroom/den apartments	0	*	0	0
Two-bedroom apartments	31	*	*	34
Two-bedroom/den or three-br. apts.	0	0	0	0
Cottages/Patio Homes/Villas	0	0	0	0
Total IL Units	51	120	49 ⁽¹⁾	156
AL/MC Units	115 / 38	68 / 0	48 ⁽¹⁾ / 0	74 / 0
SNF Beds	0	0	0	0
IL Square Footage:				
Studio apartments	N/A	385-401	252	500
One-bedroom apartments	528 - 675	541-928	888	850
One-bedroom/den apartments	N/A	1,061	N/A	N/A
Two-bedroom apartments	1,164 - 1,428	1,171-1,402	833-1,061	1,250
Two-bedroom/den or three-br. apts.	N/A	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A	N/A
IL Monthly Service Fees:				
Studio apartments	N/A	*	\$3,400	\$2,350
One-bedroom apartments	\$4,900 - 7,005	*	\$4,400	\$2,950 - 3,050
One-bedroom/den apartments	N/A	*	N/A	N/A
Two-bedroom apartments	\$7,605 - 9,505	*	\$4,700	\$3,350
Two-bedroom/den or three-br. apts.	N/A	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A	N/A
IL second person fee	\$1,200	*	*	\$650
IL Entrance Fees:				
Studio apartments	N/A	N/A	N/A	N/A
One-bedroom apartments	N/A	N/A	N/A	N/A
One-bedroom/den apartments	N/A	N/A	N/A	N/A
Two-bedroom apartments	N/A	N/A	N/A	N/A
Two-bedroom/den or three-br. apts.	N/A	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A	N/A
IL second person fee	N/A	N/A	N/A	N/A
Included in the Monthly Fee:				
Meals	2 meals/day	*	3 meals/day	3 meals/day
Housekeeping and linen service	Weekly	*	Weekly	Weekly
Laundry	W/D in unit	*	Weekly	Free common
Scheduled transportation	Yes	*	Yes	Yes
Utilities	All included except phone	*	All included except phone & wifi	All included except phone & wifi
IL Occupancy	78.4%	100.0%	50.5% ⁽²⁾	71.2%

See Accompanying Independent Accountants' Examination Report

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 19 (Continued)
Comparable IL Communities in the PMA

	The Forum at Deer Creek	The Horizon Club	The Meridian at Waterways
Street Address	3001 Deer Creek Country Club Blvd	1208 South Military Trail	3001 East Oakland Park Blvd
City/State/ZIP Code	Deerfield Beach, FL 33442	Deerfield Beach, FL 33442	Fort Lauderdale, FL 33306
Approx. Miles from the Project	10	7	6
Type of Contract	Rental	Rental	Rental
Owner/Sponsor	Five Star Senior Living	Five Star Senior Living	Meridian Senior Living
Profit/Nonprofit	Profit	Profit	Profit
Year Opened	1990	1983	2016
IL Units:			
Studio apartments	11	53	19
One-bedroom apartments	104	162	42
One-bedroom/den apartments	0	0	20
Two-bedroom apartments	65	54	5
Two-bedroom/den or three-br. apts	0	0	0
Cottages/Patio Homes/Villas	0	0	0
Total IL Units	180	269	34⁽¹⁾
AL/MC Units	48 / 0	26 / 0	52⁽¹⁾ / 20
SNF Beds	0	0	0
IL Square Footage:			
Studio apartments	424	540	526 -553
One-bedroom apartments	631 - 789	630	571 - 744
One-bedroom/den apartments	N/A	N/A	762 - 819
Two-bedroom apartments	875 - 1,328	742 - 871	982
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A
IL Monthly Service Fees:			
Studio apartments	\$2,415 - 2,525	\$2,745 - 2,950	\$5,700 - 5,900
One-bedroom apartments	\$2,785 - 3,465	\$2,750 - 3,155	\$5,900 - 6,500
One-bedroom/den apartments	N/A	N/A	\$7,700 - 7,900
Two-bedroom apartments	\$4,465 - 5,620	\$3,310 - 3,870	\$8,300
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A
IL second person fee	\$750	\$800	\$1,600
IL Entrance Fees:			
Studio apartments	N/A	N/A	N/A
One-bedroom apartments	N/A	N/A	N/A
One-bedroom/den apartments	N/A	N/A	N/A
Two-bedroom apartments	N/A	N/A	N/A
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A
IL second person fee	N/A	N/A	N/A
Included in the Monthly Fee:			
	Cont. breakfast and lunch or		
Meals	dinner	2 meals/day + 10 additional	3 meals/day
Housekeeping and linen service	Weekly	Weekly	Weekly
Laundry	W/D in unit	W/D in unit	Free common
Scheduled transportation	Yes	Yes	Yes
Utilities	All included except phone	All included except phone	All included except phone
IL Occupancy	80.0%	74.0%	82.6%⁽²⁾

See Accompanying Independent Accountants' Examination Report

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 19 (Continued)
Comparable IL Communities in the PMA

	The Preserve at Palm Aire	Waterside Landing	Wickshire
Street Address	3701 W McNab Rd	5600 Lakeside Drive	2855 West Commercial Boulevard
City/State/ZIP Code	Pompano Beach, FL 33069	Margate, FL 33063	Fort Lauderdale, FL 33309
Approx. Miles from the Project	4	6	5
Type of Contract	Rental	Rental	Rental
Owner/Sponsor	The Arbor Company	Alta Senior Living	Wickshire Senior Living
Profit/Nonprofit	Profit	Profit	Profit
Year Opened	1991	1988	1993
IL Units:			
Studio apartments	*	0	0
One-bedroom apartments	*	36	61
One-bedroom/den apartments	0	0	0
Two-bedroom apartments	*	8	62
Two-bedroom/den or three-br. apts	0	0	0
Cottages/Patio Homes/Villas	11	0	0
Total IL Units	180	31 ⁽¹⁾	123
AL/MC Units	80 / 60	13 ⁽¹⁾ / 0	110 / 45
SNF Beds	0	0	0
IL Square Footage:			
Studio apartments	380	N/A	N/A
One-bedroom apartments	775	660	640-850
One-bedroom/den apartments	N/A	N/A	N/A
Two-bedroom apartments	1,015	925	950-1,200
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	1,200	N/A	N/A
IL Monthly Service Fees:			
Studio apartments	\$2,600	N/A	N/A
One-bedroom apartments	\$3,150	\$2,935	\$2,895 - 3,195
One-bedroom/den apartments	N/A	N/A	N/A
Two-bedroom apartments	\$3,720	\$3,250	\$3,795 - 3,995
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	\$3,995	N/A	N/A
IL second person fee	\$850	\$750	\$750
IL Entrance Fees:			
Studio apartments	N/A	N/A	N/A
One-bedroom apartments	N/A	N/A	N/A
One-bedroom/den apartments	N/A	N/A	N/A
Two-bedroom apartments	N/A	N/A	N/A
Two-bedroom/den or three-br. apts	N/A	N/A	N/A
Cottages/Townhomes/Patio Homes	N/A	N/A	N/A
IL second person fee	N/A	N/A	N/A
Included in the Monthly Fee:			
Meals	Breakfast and dinner	3 meals/day	2 meals/day
Housekeeping and linen service	Weekly	Weekly	Weekly
Laundry	Free common	Weekly	Free common
Scheduled transportation	Yes	Yes	Yes
Utilities	All included	All included except phone	All included except phone & wifi
IL Occupancy	75.0%	90.9% ⁽²⁾	90.2%

See Accompanying Independent Accountants' Examination Report

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Source: Management, personal visits, telephone interviews and/or other research conducted in September and October 2021.

Notes:

* = Unable to obtain information from the community.

IL = Independent Living

AL = Assisted Living

MC = Memory Care

SNF = Skilled Nursing

N/A = Not applicable to this facility.

W/D = Washer/Dryer

Project

(1) There is one four-bedroom plus den unit included in the unit count.

(2) Monthly service fees, entrance fees and second person fees represent pricing at the planned opening of the Project, deflated by 3 percent per annum to represent 2021 dollars.

(3) Entrance fees in the table represent the Type A Contract. No other Entrance Fee Contracts are offered at the Project.

East Lake, Cassels Tower & Garden Villas

(1) The AL Gardens West units opened in 1990, the SNF Woodlands facility opened in 2016 and the SNF Seaside Cove facility opened in 2018.

(2) Represents the fully amortized Type A Contract. There is also a 50% refundable Type C Contract with Entrance Fees equal to 50% of the Type A Contract Entrance Fees.

Village Towers

(1) Represents the fully amortized Type A Contract. There is also a 50% refundable Type C Contract with Entrance Fees equal to 50% of the Type A Contract Entrance Fees.

Heritage Tower

(1) Represents the fully amortized Type A Contract. There is also a 50% refundable Type C Contract with Entrance Fees equal to 50% of the Type A Contract Entrance Fees.

Independence Hall

(1) There are a total of 97 apartments where assisted living services are available in any unit. Staff estimated that approximately 25 of the 49 occupied units are not utilizing assisted living services.

(2) Occupancy is overall for independent living and assisted living.

The Meridian at Waterways

(1) There are a total of 86 apartments where assisted living services are available in any unit. Staff estimated that approximately 34 units of the 71 occupied units are not utilizing assisted living services.

(2) Occupancy is overall for independent living and assisted living.

Waterside Landing

(1) There are a total of 44 apartments where assisted living services are available in any unit. Staff estimated that approximately 31 units of the 40 occupied units are not utilizing assisted living services.

(2) Occupancy is overall for independent living and assisted living.

The following table presents a profile of Comparable IL Communities outside the PMA. These communities were not included in the penetration rate analysis that follows.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 20
Comparable IL Communities outside the PMA

	Covenant Village of Florida	St. Andrews Estates
Street Address	9215 W Broward Blvd	6045 Verde Trail S
City/State/ZIP Code	Plantation, FL 33324	Boca Raton, FL 33433
Approx. Miles from the Project	15	12
Type of Contract	Type A and Type B	Type A ⁽¹⁾
Owner/Sponsor	Covenant Living Communities and Services	ACTS Retirement Life Communities
Profit/Nonprofit	Nonprofit	Nonprofit
Year Opened	1977	1978
Total IL Units	295	441
AL/MC Units	25 / 18	48 / 24
SNF Beds	60	89
IL Square Footage:		
Studio apartments	489 - 532	474
One-bedroom apartments	689 - 861	474 - 641
One-bedroom/den apartments	991	923
Two-bedroom apartments	917 - 1,532	923
Two-bedroom/den or three-br. apts.	1,165 - 1,575	1,270
Cottages/Townhomes/Patio Homes	N/A	N/A
IL Monthly Service Fees:		
Studio apartments	\$2,810 ⁽¹⁾	\$2,390 ⁽¹⁾
One-bedroom apartments	\$2,739 - 3,286 ⁽¹⁾	\$2,390 - 2,541 ⁽¹⁾
One-bedroom/den apartments	\$3,344 ⁽¹⁾	\$2,998 ⁽¹⁾
Two-bedroom apartments	\$3,070 - 4,420 ⁽¹⁾	\$2,998 ⁽¹⁾
Two-bedroom/den or three-br. apts.	\$3,737 - 3,867 ⁽¹⁾	\$3,353 ⁽¹⁾
Cottages/Townhomes/Patio Homes	N/A	N/A
IL second person fee	\$1,471 ⁽¹⁾	\$1,862 ⁽¹⁾
IL Entrance Fees:		
Studio apartments	\$158,880 - 165,165 ⁽¹⁾	\$119,900 - 132,900 ⁽¹⁾
One-bedroom apartments	\$195,075 - 258,225 ⁽¹⁾	\$119,900 - 192,800 ⁽¹⁾
One-bedroom/den apartments	\$306,810 ⁽¹⁾	\$223,900 - 260,900 ⁽¹⁾
Two-bedroom apartments	\$267,460 - 349,550 ⁽¹⁾	\$223,900 - 260,900 ⁽¹⁾
Two-bedroom/den or three-br. apts.	\$351,985 - 434,785 ⁽¹⁾	\$302,900 - 335,900 ⁽¹⁾
Cottages/Townhomes/Patio Homes	N/A	N/A
IL second person fee	\$32,045 - 32,345 ⁽¹⁾	\$30,000
Included in the Monthly Fee:		
Meals	Meal allowance ⁽²⁾	1 meal/day
Housekeeping and linen service	Weekly	Weekly
Laundry	W/D in unit	W/D in unit
Scheduled transportation	Yes	Yes
Utilities	All included except phone	All included except phone
IL Occupancy	83.1%	90.7%

Source: Management, telephone interviews and/or other research conducted in September/October, 2021

IL = Independent Living

AL = Assisted Living

MC = Memory Care

N/A = Not applicable to this community

Notes:

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Covenant Village of Florida

(1) The monthly service fees, entrance fees and second person fees represent the Type A LifeCare 0% refundable option. There are also three Type B contract options: a 0% refundable 60 day healthcare benefit contract, a 0% refundable 30 day healthcare benefit contract, and a 90% refundable contract. All of the Type B contracts have the monthly service fees that range from \$2,256 to \$3,858, a second person monthly service fee of \$928, and a second person entrance fee that ranges from \$27,560 to \$27,860, entrance fees that range from \$87,095 to \$380,030 and a second person entrance fee of \$26,885. Entrance fees for the 3 different Type B contract options are as follows: \$89,270 - \$365,175 for the 0% refundable 60 day healthcare benefit contract, \$62,770 - \$338,675 for the 0% refundable 30 day healthcare benefit contract, and \$160,685 - \$657,315 for the 90% refundable contract.

(2) A meal allowance of \$360/month is included in the monthly service fee, which averages to approximately 30 meals/month.

St. Andrews Estates

(1) The monthly service fees and entrance fees represent the 50-month amortizing Type A LifeCare Premiere Plan. There are also three additional Type A contract options and a Type B contract option: 50-month amortizing Type A LifeCare Asset Preservation, 50-month amortizing Type A LifeCare Income Preservation, 50% refundable Type A Life Care 50, and a 50-month amortizing Type B Modified Life Care. For the 50-month amortizing Type A LifeCare Asset Preservation, monthly service fees range from \$2,796 to \$3,923, the second person monthly service fee is \$1,862, entrance fees range from \$101,900 to \$285,900, and the second person entrance fee is \$30,000. For the 50-month amortizing Type A LifeCare Income Preservation, monthly service fees range from \$2,175 to \$3,051, the second person monthly service fee is \$1,862, entrance fees range from \$143,900 to \$403,900, and the second person entrance fee is \$30,000. For the 50% refundable Type A Life Care 50, monthly service fees range from \$2,629 to \$3,688, the second person monthly service fee is \$2,048, entrance fees range from \$190,900 to \$534,900, and the second person entrance fee is \$30,000. For the 50-month amortizing Type B Modified Life Care, monthly service fees range from \$2,151 to \$3,018, the second person monthly service fee is \$1,862, entrance fees range from \$107,900 to \$302,900, and the second person entrance fee is \$30,000. There is also a rental option, with monthly service fees that range from \$3,090 to \$4,053 with a second person monthly service fee of \$700.

Planned Independent Living Developments

Based upon telephone interviews with local planning agencies, interviews with management at existing retirement communities, and other research conducted in September and October 2021, there appear to be no Comparable IL Communities that are being planned in the PMA in addition to the Project.

Estimated Eligible Households for Independent Living Services

In order to qualify for residency at the Community's Independent Living Units, a prospective Resident generally must be at least 62 years of age (or if two prospective independent living residents only one must be age 62 or older) and demonstrate sufficient financial resources to pay the initial Entrance Fee, required Monthly Service Fees, and other expenses related to independent living services not provided in the Residency Agreement. Additionally, Management anticipates that a prospective Resident must be able to live independently. Management has established certain health and financial parameters that a prospective Resident must meet to be eligible to reside in one of the Independent Living Units at the Community.

Management reported that an evaluation of the financial profile of a prospective Resident of the Independent Living Units is completed by estimating his/her future income and expenditures based on reported assets and pre-tax income in order to assess the prospective Resident's ability to afford the Entrance Fee and Monthly Service Fee at the Community's Independent Living Units. Furthermore, Management's analysis considers, on a case-by-case basis, the available assets of a prospective Resident and their ability to liquidate and use these assets in order to supplement income sources.

In addition to the services planned to be included in the Monthly Service Fee, Management assumes that a Resident of the Independent Living Units would incur certain other basic living expenses. As noted previously herein, Management evaluates the financial profile of each prospective Resident individually;

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however, for purposes of its presentation of its market analysis, Management estimates that a prospective Resident of the Expansion Independent Living Units should have an annual pre-tax income of at least 2.0 times the annualized monthly service fee to become a Resident of the Expansion Independent Living Units.

Management assumes the majority of prospective Resident's would be at least 75 years of age at the time they move into the Expansion Independent Living Units at the Community. In addition, Management has assumed that households with the following characteristics would be the most likely to consider residing at the Expansion Independent Living Units:

- Householders with annual household income of \$71,000 or more (in 2024), assuming the minimum monthly service fee for the Expansion Independent Living Units under the Type A Contract, and;
- Householders with annual household income of \$83,000 or more (in 2024) assuming the weighted average monthly service fee for the Expansion Independent Living Units under the Type A Contract.

These household income thresholds are presented for purposes of estimating the number of income qualified households in the PMA for the Project Penetration rates presented subsequently herein.

In addition, as it relates to the overall market for independent living services in the PMA, the following two annual household income scenarios are presented for purposes of estimating the number of income qualified households in the PMA:

- Annual household income of approximately \$54,600 or more (in 2024) based upon the range of minimum monthly service fees at the Comparable IL Communities in the PMA; and
- Annual household income of approximately \$71,000 or more (in 2024) based upon the range of weighted average monthly service fees at the Comparable IL Communities in the PMA.

These household income thresholds are presented for purposes of estimating the number of income qualified households in the PMA for the Gross Market Penetration rate and Net Market Penetration rate presented subsequently herein.

The following table presents the calculated income eligible households based upon the thresholds noted above for 2024, which is the year in which the Expansion Independent Living Units are planned to open.

Table 21 Income and Age Eligible Households in the PMA			
GROSS AND NET PENETRATION RATE CALCULATIONS			
Income and Age Eligible Households Used in the Gross and Net Penetration Rate Calculations	Age 75-84	Age 85 & Over	Total Age 75+
2024 (Interpolated) ⁽¹⁾			
Households with Incomes of \$54,600 or More	10,354	4,238	14,592
Households with Incomes of \$71,000 or More	7,580	2,302	9,882
PROJECT PENETRATION RATE CALCULATION			
Income Eligible Households	Age 75-84	Age 85 & Over	Total Age 75+
2024 (Interpolated) ⁽¹⁾			
Households with Incomes of \$71,000 or More	7,580	2,938	10,518
Households with Incomes of \$83,000 or More	6,208	2,302	8,510

Source: Environics Analytics and Management

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Note: (1) Interpolated data is based upon the 2021 and 2026 data provided by Environics Analytics.

Penetration Analysis – Independent Living Units

Penetration rates are one measure of the degree to which the PMA might be either under-served or saturated. As penetration rates increase, independent living 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 independent living housing options and may support higher penetration rates.

These penetration rates should be considered in conjunction with each other and other market factors such as occupancy levels at existing comparable communities within and near the PMA, the number of proposed facilities in the PMA, the planned design of the units and community spaces at the Community, alternatives for potential independent living residents, and the proposed marketing plans and efforts of Management.

Management has presented three penetration rate calculations as follows:

- The Gross Market Penetration rate is calculated by adding the total number of Independent Living Units of the Community to those of the comparable existing and proposed retirement communities within Management's defined PMA and dividing by the total number of age and income qualified households (households headed by individuals 75 years of age or older).
- The Net Market Penetration rate is calculated by adding the total number of Independent Living Units of the Community, and those of comparable communities becoming vacant due to resident attrition as well as the number of units needed to be filled to achieve a 95 percent occupancy of the comparable existing and proposed retirement communities within Management's defined PMA and dividing by the total number of age and income qualified households (households headed by individuals 75 years of age or older).
- The Project Penetration rate is that calculated proportion of eligible households in a PMA that will need to move to the Expansion Independent Living Units at the Community to maintain its full occupancy (defined as the point where the occupancy stabilizes, which is forecasted at 91 percent for the Expansion Independent Living Units).

The following table presents a summary of these penetration rate calculations:

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Table 22
Independent Living Unit Estimated Penetration Analysis – 2024

2024 Senior Households Age 75 & Over With Incomes of:		
GROSS MARKET PENETRATION RATE ANALYSIS:	\$54,600 & Above	\$71,000 & Above
Market Inventory of Independent Living Units in the PMA:		
The Project ⁽¹⁾	146	146
The Community	644	644
Comparable Units in the PMA:		
Existing Units	1,193	1,193
Planned Units	-	-
Total Units in the PMA	1,983	1,983
Adjusted For:		
Percentage of Units to be Occupied from the PMA	70%	70%
Stabilized Occupancy in the PMA	91%	91%
Number of Units to be Occupied from the PMA at Stabilized Occupancy [a]	1,263	1,263
Number of Age and Income Qualified Households in the PMA ⁽²⁾ [b]	14,592	9,882
Gross Market Penetration Rate [a/b]	8.7%	12.8%
NET MARKET PENETRATION RATE ANALYSIS:	\$54,600 & Above	\$71,000 & Above
Total Planned Independent Living Units within the PMA:		
The Project ⁽¹⁾	146	146
Other Planned Comparable Units	-	-
Total Planned Units	146	146
Adjusted for Stabilized Occupancy	91%	91%
Total Planned Units at Stabilized Occupancy in the PMA	133	133
Number of Existing Units that Need to be Filled to Achieve 95% Stabilized Occupancy	227	227
Number of Existing Units Becoming Available from Resident Attrition ⁽³⁾	291	291
Total Units to be Occupied	651	651
Adjusted for Percentage of Units to be Filled from the PMA	70%	70%
Total Available Units to be Occupied from the PMA [a]	456	456
Number of Age and Income Qualified Households in the PMA ⁽²⁾	14,592	9,882
Less the Number of Occupied Comparable Independent Living Units in the PMA	(1,518)	(1,518)
Net Number of Age and Income Qualified Households [b]	13,074	8,364
Net Market Penetration Rate [a/b]	3.5%	5.4%
PROJECT PENETRATION RATE ANALYSIS:	\$71,000 & Above	\$83,000 & Above
Number of Planned Units at the Project	146	146
Adjusted For:		
Percentage of Project Units to be Filled by Persons Age 75 and Over	100%	100%
Percentage of Project Units to be Filled from the PMA	70%	70%
Stabilized Occupancy at the Project	91%	91%
Number of Project Units at Stabilized Occupancy to be Filled from the PMA [a]	93	93
Number of Age and Income Qualified Households in the PMA ⁽²⁾	10,518	8,510
Less the Number of Occupied Comparable Independent Living Units in the PMA	(1,518)	(1,518)
Net Number of Age and Income Qualified Households [b]	9,000	6,992
Project Penetration Rate [a/b]	1.0%	1.3%

Source: Management

Notes:

(1) Reflects the number of Project units, assuming 100% of the units will be filled by residents age 75 and older.

(2) Age and income qualified households from Table 21.

(3) Represents the number of units becoming available (based on occupied comparable units in the PMA) annually from resident attrition (assuming a 13.1% attrition rate for entrance fee communities and a 22.9% attrition rate for rental communities from "State of Seniors Housing 2012" report by the American Association of Homes and Services for the Aging, American Seniors Housing Association, Assisted Living Federation of America, National Center for Assisted Living and National Investment Center).

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Marketing of the Project's Expansion Independent Living Units

The success of the Expansion Independent Living Units is dependent, in part, on Management's ability to market and achieve specified presales, fill-up rates, and turnover rates for the Expansion Independent Living Units.

As part of the process to reserve the Expansion Independent Living Units, a prospective resident must sign a Residency Agreement and pay the respective deposit for their selected unit.

The following tables depict the history of unit reservations and inventory of the Expansion Independent Living Units reserved as of October 19, 2021. The information in the table reflects reservations by Depositors who have been approved in accordance with Management's residency requirements, executed a Residency Agreement, and paid the required 10% Reservation Deposit.

Table 23
Expansion Independent Living Units
Summary of Deposits and Cancellations, by Month ⁽¹⁾

	New Deposits	Number of Cancellations	Net Reservations for Month	Cumulative Units Reserved	Cumulative Percentage of Total Units
2021					
March	16	0	16	16	11.0%
April	57	0	57	73	50.0%
May	6	0	6	79	54.1%
June	5	1	4	83	56.8%
July	7	0	7	90	61.6%
August	6	1	5	95	65.1%
September	8	0	8	103	70.5%
October	2	2	0	103	70.5%
	107	4	103	103	70.5%

Source: Management

Note: (1) Current through October 19, 2021.

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Table 24
Inventory of the Expansion Independent Living Units Reserved ⁽¹⁾

Type of Independent Living Units	Number of Units Available	Number of Units Reserved	Percentage of Units Reserved
<u>One-Bedroom Plus Den Apartments</u>			
Amelia	50	23	46.0%
Biscayne	12	6	50.0%
<u>Two-Bedroom Apartments</u>			
Cobia	15	14	93.3%
<u>Two-Bedroom Plus Den Apartments</u>			
Captiva	24	24	100.0%
Sanibel	24	22	91.7%
Tarpon	15	11	73.3%
<u>Two-Bedroom Plus Den Penthouse</u>			
Siesta	5	2	40.0%
<u>Four-Bedroom Plus Den Penthouse</u>			
Wahoo	1	1	100.0%
Total - Independent Living Units	146	103	70.5%

Source: Management

Note: (1) Current through October 19, 2021.

Independent Depositor Confirmation

An independent confirmation process was performed by CliftonLarsonAllen LLP through a survey questionnaire of the 103 Depositors as of October 28, 2021. As of October 28, 2021, 100 Depositors (97.1 percent) had responded to the questionnaire.

The following information was assembled for those 100 completed responses:

- Respondents were asked if they intend to reside at the Expansion Independent Living Units at the Community upon the availability of their residence. Responses to this question were as follows:
 - 99 (99.0 percent) indicated "Yes";
 - 1 (1.0 percent) indicated "No".
- 37 (37.0 percent) indicated that they would reside alone and 63 (63.0 percent) indicated that they would reside with a spouse or some other person.
- 71 (71.0 percent) indicated they owned their home.
 - 14 (14.0 percent) of the 100 respondents who indicated that they own their own home indicated that it would be necessary for them to use the proceeds from the sale of their home to pay the entrance fee for the Expansion Independent Living Units.
- Respondents indicated the following as to how soon they intended to move into their Expansion Independent Living Unit after it becomes available:

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 25
Move-ins After the Expansion Independent Living Units are Available

	Number of Respondents	Percentage of Respondents
1 to 30 days	49	49.0%
31 to 60 days	17	17.0%
61 to 90 days	8	8.0%
Greater than 90 days	0	0.0%
After the Sale of My Home	19	19.0%
Did not answer this question	7	7.0%
Total	100	100.0%

Source: Questionnaire responses

- 3 (3.0 percent) of the respondents indicated they had reserved an independent living unit or were on a waiting list at another retirement community. Respondents who reserved or are on a wait list of another community are as follows:

Table 26
Respondents Who Reserved or are on a Wait List of another Community ⁽¹⁾

Community Name	Location	Number of Responses	Amount of Deposit
Vi at Bentley Village	Naples, FL	1	\$50,000
Belmont Village	Fort Lauderdale, FL	1	\$5,000
St. Andrews Estates	Boca Raton, FL	1	\$1,200
Total		3	

Source: Questionnaire responses

Respondents indicated their primary reasons for selecting the Expansion Independent Living Units at the Community as follows:

Table 27
Primary Reason for Selecting the Expansion Independent Living Units at the Community ⁽¹⁾

	Number of Responses
Life Care Plan Community	88
Lifestyle / Amenities	75
Reputation of John Knox Village	70
Access to Health Care Services	66
Level of Services Provided	57
Social Activities / Fellowship	56
Physical Security	45
Geographic Location	43
Proximity to Family / Friends	38
Other	5
Total	543

Source: Questionnaire responses

(1) Respondents were given the option to choose more than one reason for selecting the Expansion Independent Living Units at the Community.

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MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents information regarding the reported net worth (including home values before payment of the Entrance Fee) and estimated annual income of the Depositors based on financial questionnaires that Depositors were required to fill out and that Management subsequently utilized to financially qualify Depositors for residency at the Expansion Independent Living Units.

Table 28
Reported Annual Income and Net Worth of the
Expansion Independent Living Units' Depositors

	Net Worth						Total	% of Total
	Less than \$1,000,000	\$1,000,000 to \$1,999,999	\$2,000,000 to \$2,999,999	\$3,000,000 to \$3,999,999	\$4,000,000 to \$4,999,999	Greater than \$5,000,000		
Annual Income:								
Less than \$50,000	0	4	1	2	0	6	13	12.7%
\$50,000 to \$74,999	3	0	1	2	0	0	6	5.9%
\$75,000 to \$99,999	3	5	6	0	1	1	16	15.7%
\$100,000 to \$150,000	2	5	8	6	1	5	27	26.5%
Greater than \$150,000	0	5	8	5	7	15	40	39.2%
Total	8	19	24	15	9	27	102 ⁽¹⁾	100.0%
Percent of Total	7.8%	18.6%	23.5%	14.7%	8.8%	26.6%	100.0%	

Source: Management

(1) One Depositor was financially qualified via a verbal discussion with Management however the Depositor was unwilling to disclose their financial information in writing.

Based on an analysis of the Depositor information, the average annual income of Depositors was approximately \$154,000 and the average net worth was approximately \$4,164,000. The median annual income of Depositors was approximately \$124,000 and the median net worth was \$2,858,000.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Obligated Group's forecasted financial statements are presented using the accrual basis of accounting.

Basis of Presentation

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets (Deficit) Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

Net Assets (Deficit) With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets (deficit) with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets (deficit) with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Performance Indicator

Change in net assets (deficit) without donor restrictions is reflected in the accompanying forecasted statements of changes in net assets (deficit) is the performance indicator. Change in net assets (deficit) without donor restrictions includes all changes in net assets without donor restrictions, including unrealized changes in the value of investments and excluding restricted contributions, transfers of net assets, change in the value of split interest agreements, investment income, realized and unrealized changes in the value of restricted investments, and investment fees restricted by donors or law.

Cash and Cash Equivalents

The Corporation considers all money market accounts and certificates of deposits with a maturity date of three months or less to be cash equivalents unless classified as restricted cash or assets limited as to use. The Corporation maintains its cash and cash equivalents and assets limited as to use in bank deposit accounts that may exceed federally-insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Restricted cash is included with cash and cash equivalents in the statements of cash flows.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Accounts Receivable

Accounts receivable from residents, third-party payers, and governmental agencies are based on net charges. An allowance for doubtful accounts detail is maintained by management with individual accounts that may be deemed uncollectible. This detail is developed using historical collection information and existing economic conditions. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Investments and Assets Limited as to Use

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the forecasted balance sheets. Investment income or loss (including interest and dividends), net gains or losses on the sales of investments and changes in unrealized gains and losses on investments are included in other operating revenue unless restricted by donor or law. In accordance with the Corporation's investment policy, investment managers have been instructed to invest with a long-term strategy in order to accomplish these objectives. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could be material.

Assets limited as to use include restricted cash and investments held by trustees under indenture agreements, assets held in escrow, assets set aside by the boards for specific purposes, and assets set aside for the minimum liquid reserve requirements of the state of Florida. Amounts required to meet current liabilities of the Corporation have been reclassified to current assets on the forecasted balance sheets.

Management has forecasted unrealized gains of \$1,400,000 in 2021. Management has not forecasted any other unrealized gains or losses on investments during the Forecast Period.

Property and Equipment

Property and equipment are recorded at costs or if donated, at fair value at date of donation. Property and equipment donated for operations are recorded as additions to net assets without donor restrictions. All items with a cost of over \$1,000 or more than \$1,500 in the aggregate and an estimated useful life of one year or more are capitalized. Depreciation is computed on the straight-line method with six months depreciation in the first and last year and based on the estimated useful lives below. Expenditures for maintenance and repairs are charged to expenses as incurred.:

Buildings and Improvements	10-40 years
Furniture and Equipment	5 - 7 years
Vehicles	3 -5 years

Management categorizes costs as construction in progress that have not been placed in service yet and does not depreciate such costs. 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.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Core Services Revenue

Core services revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing its core services consisting of independent living, healthcare services, dining services, assisted living and other core stimulus. Service fees paid by residents for maintenance, meals, home health and other services are assessed monthly and are recognized as revenue in the period services are rendered. Healthcare services provided in the skilled nursing facility are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the facility receiving skilled nursing services or housing residents receiving services in the facility. The Corporation considers daily services provided to patients of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and/or implicit price concessions provided to patients. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid: The Corporation's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for patients who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

The Corporation's licensed nursing facility participates in the Medicaid program which is administered by the Florida Agency for Health Care Administration. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined daily rates based, in part, on reasonable costs, as defined and limited by the Medicaid program.

Other: Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to patient services revenue in the period of the change. Management has not forecasted any material changes in implicit prices concessions.

The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement and timing of when revenue is recognized.

Financing Component

The Corporation has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patients, residents and third-party payors for the effects of a signification financing component due to the Corporation's expectation that the period between the time the service is provided to a patient or resident and the time that the patient, resident or a third-party payor pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with residents that allow payments in excel of one year. For those cases, the financing component is not deemed to be significant to the contract.

Bond Premium

Bond premium incurred in connection with the issuance of long-term debt is assumed to be recorded as a direct addition to the carrying amount of the debt and amortized as interest expense using the effective interest method.

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Debt Issuance Costs

Debt issuance costs represent financing costs as a result of the bond issuances. Deferred issuance costs are amortized using the effective interest method, over the terms of the related financing agreement and is an offset to long-term debt.

Unearned Entrance Fees and Amortization of Earned Entrance Fees

Entrance fees related to the sale of residency contracts are recorded as deferred revenue and are amortized into income over the future periods based on the estimated life expectancy of the Resident. The period of amortization is adjusted monthly based on the actuarially determined estimated remaining life expectancy of each individual, or joint and last survivor life expectancy of each pair of Residents occupying the same unit. In the event of a Resident's or surviving Resident's death, or the termination of the occupancy agreement, the obligations of the Corporation are considered fulfilled, and the unamortized portion of the fee is recognized as revenue.

Entrance fee deposits represent amounts paid by prospective Residents who have signed a continuing care agreement to reserve a specific living unit. These amounts are included in accrued expenses on the forecasted balance sheet. Initial deposits of \$2,500 are collected when a prospective Resident joins the waitlist. The initial deposit is then increased to 10% of the Entrance Fee, and is collected when the occupancy agreement is signed. The balance of the Entrance Fee is payable at the time of occupancy. The Corporation will advance funds for Entrance Fees on behalf of a new Resident.

Upon occupancy, Residents may cancel their continuing care agreements and move out at any time and generally receive a refund of the Entrance Fee, less a 5% administrative fee and 2% of the Entrance Fee prorated for each month of occupancy or right of occupancy by the Resident. Payments of such refunds are charged against the Residents' unamortized Entrance Fee and any resulting gain or loss is included in the forecasted statement of operations and changes in net assets.

In the event of a Resident's death within 12 months of assuming occupancy, a refund of 50% of the Entrance Fee is paid to the Resident's estate by the Corporation. If the Resident dies after 12 months of assuming occupancy, the obligations of the Corporation are considered fulfilled and the unamortized portion of the fee is recognized as revenue.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Obligation to Provide Future Services

The Corporation annually reviews the present value of the net costs of future services and use of facilities to be provided to current Residents and compares that amount with the balance of unearned Entrance Fees. If the present value of the net costs of future services and use of facilities exceeds the unearned entrance fees, a liability is recorded (obligation to provide future services). The obligation was discounted at 7% for December 31, 2020. As of December 31, 2020, Management was not required to record such a liability and has not forecasted any change in this liability during the Forecast Period.

Concentrations of Risk

The Obligated Group's cash, cash equivalents, investments, and assets limited or restricted as to use consist of various financial instruments. These financial instruments may subject the Obligated Group to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"), the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Use of Estimates

The preparation of the forecasted financial statements, in conformity with accounting principles generally accepted in the United States of America, requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the forecasted financial statements, and the reported amounts of results of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Corporation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Corporation's income tax returns are subject to review and examination by federal, state and local authorities. The Corporation is not aware of any activities that would jeopardize its tax-exempt status.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR FORECAST OF REVENUES AND ENTRANCE FEES

Forecasted revenues for the Independent Living Units are primarily based on the Monthly Service Fees planned to be charged to the Independent Living Unit residents and the planned utilization of the Independent Living Units.

Forecasted assisted living and nursing revenues are planned to primarily consist of revenue generated from services provided to residents either transferring from the Independent Living Units to the Assisted Living Units or Skilled Nursing Beds as well as from direct admissions (although this represents a minor portion of forecasted census in Skilled Nursing and none in Assisted Living).

Forecasted Utilization and Monthly Fees

Management has forecasted the following occupancy for the Community based in part on its experience and based in part on forecasted utilization of the Assisted Living Units and Skilled Nursing Beds as provided by CCRC Actuaries (the "Actuary").

Table 29
Community
Forecasted Average Occupancy by Level of Care
For the Years Ending December 31,

	2021	2022	2023	2024	2025	2026
Average Available Units ⁽¹⁾:						
Independent Living Units - Existing	644.0	644.0	644.0	644.0	644.0	644.0
Independent Living Units - Expansion	-	-	-	133.8	146.0	146.0
Assisted Living Units	64.0	64.0	64.0	64.0	64.0	64.0
Skilled Nursing Beds	194.0	194.0	194.0	194.0	194.0	194.0
Total Available Units	902.0	902.0	902.0	1,035.8	1,048.0	1,048.0
Average Occupied Units:						
Independent Living Units - Existing	589.3	595.3	603.3	584.3	599.3	605.3
Independent Living Units - Expansion	-	-	-	53.3	114.5	133.0
Assisted Living Units	48.0	51.2	51.2	51.2	51.2	51.2
Skilled Nursing Units						
Skilled Nursing Beds- Life Care Residents	77.3	81.8	85.7	89.6	89.6	91.6
Skilled Nursing Beds- Medicaid	8.9	10.0	10.0	10.0	10.0	10.0
Skilled Nursing Beds- Private Pay	18.8	22.0	20.0	18.0	16.0	14.0
Skilled Nursing Beds- Medicare	45.9	50.0	52.0	54.0	56.0	56.0
Skilled Nursing Beds- Other Insurance	2.8	3.0	3.0	3.0	3.0	3.0
Skilled Nursing Beds	153.7	166.8	170.7	174.6	174.6	174.6
Total Average Occupied Units	791.0	813.3	825.2	863.4	939.6	964.1
Average Occupancy Percentage:						
Independent Living Units - Existing	92%	92%	94%	91%	93%	94%
Independent Living Units - Expansion	N/A	N/A	N/A	40%	78%	91%
Assisted Living Units	75%	80%	80%	80%	80%	80%
Skilled Nursing Beds	79%	86%	88%	90%	90%	90%
Total Occupancy Percentage	88%	90%	91%	83%	90%	92%

Source: Management and the Actuary for temporary and permanent transfers.

Note:

(1) The Forecast assumes the Project becomes available for occupancy February 2024.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Independent Living Units

Table 1 and Table 4 present Management's Entrance Fee and Monthly Service Fee pricing for the Existing Independent Living Units and Expansion Independent Living Units.

Monthly Service Fees for the Independent Living Units are forecasted to inflate by 3.5 percent annually throughout the Forecast Period.

The double occupancy for the Existing Independent Living Units is assumed to approximate 18.0 percent during the Forecast Period. The double occupancy for the Expansion Independent Living Units is assumed to begin at 50 percent in 2024 and drop to 47 percent in 2026.

Management's forecasted fill for the Expansion Independent Living units is reflected below.

Table 30
Expansion Independent Living Units
Forecasted Average Fill and Occupancy
For the Years Ending December 31,

	Move-ins	Transfer Move-ins ⁽¹⁾	Cumulative Occupancy	Occupancy Percent
Fiscal Year 2024				
January	-	-	-	0.0%
February	-	20.00	20.00	13.7%
March	5.00	10.00	35.00	24.0%
April	6.00	-	41.00	28.1%
May	6.00	-	47.00	32.2%
June	6.00	-	53.00	36.3%
July	6.00	-	59.00	40.4%
August	6.00	-	65.00	44.5%
September	6.00	-	71.00	48.6%
October	6.00	-	77.00	52.7%
November	6.00	-	83.00	56.8%
December	6.00	-	89.00	61.0%
Fiscal Year 2025				
January	4.00	-	93.00	63.7%
February	4.00	-	97.00	66.4%
March	4.00	-	101.00	69.2%
April	4.00	-	105.00	71.9%
May	4.00	-	109.00	74.7%
June	4.00	-	113.00	77.4%
July	4.00	-	117.00	80.1%
August	4.00	-	121.00	82.9%
September	4.00	-	125.00	85.6%
October	4.00	-	129.00	88.4%
November	2.00	-	131.00	89.7%
December	2.00	-	133.00	91.1%
Thereafter			133.00	91.1%

Source: Management

Note:

(1) The Forecast assumes that 30 residents of the Existing Independent Living Units will transfer to the Expansion Independent Living Units.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

As a result of its sales efforts for the Project, Management has indicated that as of November 1, 2021, 18 residents of the Existing Independent Living Units have reserved units at the Project. In addition, 12 individuals that ultimately will reside in the Project have moved into the Existing Independent Living Units and plan to transfer upon opening of the Project. These 30 individuals will only pay the incremental difference between what they paid for an Entrance Fee at the Existing Independent Living Units and the Expansion Independent Living Units. As a result of these transfers, Management anticipates that in February 2024 it will have 30 vacancies in the Existing Independent Living Units that it must resell to achieve its forecasted occupancy for the Existing Independent Living Units. Management anticipates that it would refill these 30 vacated units beginning February 2024 at approximately 1 to 2 units per month over a 20-month period. The net "reduction" in entrance fees for the Expansion Independent Living Units approximates \$9,486,000, reflecting the reduction in the Entrance Fee from what the resident has previously paid to the Corporation.

Assisted Living

Forecasted revenue consists of revenue from operating the Assisted Living Units during the Forecast Period. Management has forecasted this revenue based upon its historical experience operating the Assisted Living Units and its plans for operating the Assisted Living Units during the Forecast Period, as well as information provided by the Actuary. Management has forecasted that the Monthly Service Fees for the Assisted Living Units would increase 3.5 percent annually throughout the Forecast Period.

Management has forecasted average payor mix and average daily rate of the Assisted Living Units during the Forecast Period as shown in the table below.

Table 31
Assisted Living Units
Forecasted Payor Mix By Days and Average Daily Rates
For the Years Ending December 31,

	2021	2022	2023	2024	2025	2026
Available Assisted living	64.0	64.0	64.0	64.0	64.0	64.0
Average Occupancy						
Lifecare	48.0	51.2	51.2	51.2	51.2	51.2
Private Pay	-	-	-	-	-	-
Total	48.0	51.2	51.2	51.2	51.2	51.2
Forecasted Payor Daily Fees						
Lifecare	\$ 91	\$ 97	\$ 100	\$ 104	\$ 107	\$ 111
Private Pay	\$ 112	\$ 116	\$ 120	\$ 124	\$ 128	\$ 133
Weighted Average	\$ 91	\$ 97	\$ 100	\$ 104	\$ 107	\$ 111
Payor Mix Percentage						
Lifecare	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private Pay	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Management and Actuary

Management has forecasted the Monthly Service Fees for the Assisted Living Units will be inflated by 3.5 percent annually beginning on January 1, 2022 and during the remainder of the Forecast Period.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Health Care

Management has forecasted patient services revenue from the Skilled Nursing Beds based upon Management's historical experience operating the Skilled Nursing Beds. Management has forecasted the average payor mix and average daily rates of the Skilled Nursing Beds during the Forecast Period as shown in the table below:

Table 32
Skilled Nursing Beds
Forecasted Average Payor Mix (by Days) and Average Daily Rates

	2021	2022	2023	2024	2025	2026
Available Skilled Nursing Beds	194.0	194.0	194.0	194.0	194.0	194.0
Average Occupancy						
Lifecare	77.3	81.8	85.7	89.6	89.6	91.6
Medicaid	8.9	10.0	10.0	10.0	10.0	10.0
Private Pay	18.8	22.0	20.0	18.0	16.0	14.0
Medicare	45.9	50.0	52.0	54.0	56.0	56.0
Other Insurance	2.8	3.0	3.0	3.0	3.0	3.0
Total	153.7	166.8	170.7	174.6	174.6	174.6
Forecasted Payor Daily Fees						
Lifecare	\$ 91	\$ 97	\$ 100	\$ 104	\$ 107	\$ 111
Medicaid	\$ 232	\$ 235	\$ 239	\$ 244	\$ 249	\$ 254
Private Pay	\$ 450	\$ 477	\$ 494	\$ 511	\$ 529	\$ 548
Medicare	\$ 511	\$ 521	\$ 532	\$ 542	\$ 553	\$ 564
Other Insurance	\$ 206	\$ 210	\$ 214	\$ 219	\$ 223	\$ 228
Weighted Average	\$ 271	\$ 285	\$ 288	\$ 291	\$ 299	\$ 302
Payer Mix Percentage						
Lifecare	50.3%	49.0%	50.2%	51.3%	51.3%	52.5%
Medicaid	5.8%	6.0%	5.9%	5.7%	5.7%	5.7%
Private Pay	12.2%	13.2%	11.7%	10.3%	9.2%	8.0%
Medicare	29.9%	30.0%	30.5%	30.9%	32.1%	32.1%
Other Insurance	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Management and Actuary

Private pay daily fees for the Skilled Nursing Beds are assumed to increase at an average of 3.5 percent per year throughout the Forecast Period based on the forecasted occupancy and payor mix. Medicaid and Medicare daily rates for the Skilled Nursing Beds are forecasted to increase by 2.0% throughout the Forecast Period.

The lifecare discount in both Assisted Living and Skilled Nursing Beds is dependent on whether the individual is a first person, second person, or temporary transfer. First persons pay the first person rate of their Independent Living Unit, second persons pay the second person rate of their independent living unit and temporary transfers only pay for additional meals. The lifecare rate presented in Table 31 and Table 32 accounts for the different type of lifecare resident transfers.

Included in healthcare services revenue is ancillary revenue which Management has forecasted at 8.1 percent of total nursing revenue and other revenue which management has forecasted at 4.8 percent of nursing revenue based on its historical experience.

Dietary Revenue

Management has forecasted dietary revenue to include meal plan meals, additional meals, and guest meals, Management has forecasted other revenue based on their experience at the Community and increases based on occupancy changes.

See Accompanying Independent Accountants' Examination Report

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Other Core Stimulus

During the year ending December 31, 2021, the Corporation received approximately \$151,000 of Provider Relief Funds from the federal government related to the COVID-19 pandemic. Management estimates all \$151,000 will qualify for healthcare-related expenses or lost revenue and has forecasted that during the year ending December 31, 2021.

Entrance Fee Receipts and Refunds

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 Assisted Living Units or Skilled Nursing Beds. Entrance Fees are forecasted to inflate at 3.75 percent annually during the Forecast Period.

Refunds of the Entrance Fees are generated upon death or termination of the Residency Agreement and withdrawal from the Community, subject to the refund terms and timing previously disclosed.

The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fee refunds, based in part, on information provided by Management and the Actuary.

Table 33
Entrance Fee Receipts and Total Entrance Fee Refunds
(Dollars in Thousands)

	2021	2022	2023	2024	2025	2026
Independent Living Units:						
Entrance Fee Receipts from Existing Independent Living Units	\$ 16,719	\$ 22,279	\$ 23,135	\$ 21,884	\$ 21,917	\$ 22,832
Entrance Fee Receipts from Existing Unit Turnover (Transfer Resales) ⁽¹⁾	-	-	-	5,297	5,495	-
Entrance Fee Receipts from Expansion Independent Living Units	-	-	-	686	2,514	4,232
Entrance Fees Refunded from Unit Turnover	(644)	(656)	(674)	(1,296)	(2,393)	(2,482)
Net Independent Living Unit Entrance Fees From Turnover	\$ 16,075	\$ 21,623	\$ 22,461	\$ 26,571	\$ 27,533	\$ 24,582
Expansion Independent Living Units:						
Initial Entrance Fees	\$ 5,195	\$ 974	\$ -	\$ 30,809	\$ 15,231	\$ -
Net Initial Entrance Fees from Expansion Independent Living Units	\$ 5,195	\$ 974	\$ -	\$ 30,809	\$ 15,231	\$ -
Total Entrance Fee Receipts, Net of Refunds	\$ 21,270	\$ 22,597	\$ 22,461	\$ 57,380	\$ 42,764	\$ 24,582
Entrants Generating Entrance Fees:						
Number of Independent Living Turnover Unit Entrants	65	75	75	75	74	74
Number of Independent Living Turnover Due to Increase in Occupancy	-	6	8	2	-	-
Entrants Associated with Entrance Fee Receipts from Existing Independent Living Units	65	81	83	77	74	74
Number of Independent Living Turnover Units From Resident Transfers ⁽¹⁾	-	-	-	15	15	-
Number of Expansion Turnover Units	-	-	-	2	5	9
Number of Expansion Initial Entrants	-	-	-	89	44	-

Source: Management and Actuary

Note:

- (1) Reflects the reselling of 30 units that transferred from the Existing Independent Living Units to the Expansion Independent Living Units.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Investment Income

Management has forecasted investment return to consist of interest earned on available cash and cash equivalents, investments and assets limited as to use. During construction of the Project, forecasted interest expense on the Series 2021 Bonds has been netted with interest earned on the various trustee-held funds relating to the Series 2021 Bonds.

The following table reflects Management's forecasted investment earning rates during the Forecast Period.

Table 34
Forecasted Investment Earning Rates
For the Years Ending December 31,

	2021	2022	2023	2024	2025	2026
Cash and Cash Equivalents	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Assets Limited as to Use ⁽¹⁾	1.85%	1.67%	1.81%	2.28%	2.44%	2.49%
Investments	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%

Source: Management and Underwriter

Note:

- (1) The forecasted investment earning rate for assets limited as to use reflects earnings excluding the construction fund and funded interest accounts associated with the Series 2021 Bonds.

Management has not forecasted any unrealized or realized gains or losses from the valuation or sale of investments during the Forecast Period.

Unrealized Gains on Trading Investments

Management has forecasted unrealized gains of \$1,400,000 in 2021. Management has not forecasted any additional unrealized gains or losses for the remainder of the Forecast Period.

Other Revenue

Management has forecasted other revenue based upon their experience at the Community. Other revenue is forecasted at approximately 1 percent of resident service revenue.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES

Operating Expenses

Operating expenses have been forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon Management's operating plans, including changes associated with operating the Project when it becomes available. In general, operating expenses, including salaries and hourly wages, are forecasted to increase by 3.0 percent annually throughout the Forecast Period for inflation.

Salaries, Wages, and Benefits

A full time equivalent ("FTE") is assumed to represent 2,080 hours of time paid annually. Salaries and wages are forecasted to increase by 3.0 percent annually during the Forecast Period. The table that follows presents a summary of forecasted FTEs and average wages by department.

The table that follows presents a summary of forecasted FTEs, by department, for the Forecast Period.

Table 35
Forecasted Staffing and Annual Wages
Years Ending December 31,
(in Full-Time Equivalents)

	2021	2022	2023	2024	2025	2026
FTEs ⁽¹⁾	500	584	589	601	604	602
Salary and Wages (000s)	\$ 25,977	\$ 27,096	\$ 28,264	\$ 30,162	\$ 31,313	\$ 32,268
Average Salary Per FTE (000s)	\$ 51.95	\$ 46.40	\$ 47.99	\$ 50.19	\$ 51.84	\$ 53.60
Benefits as a Percentage of Salary	14%	14%	14%	15%	15%	15%
Forecasted Salaries/Benefits:						
Independent Living	\$ 7,222	\$ 8,151	\$ 8,480	\$ 9,424	\$ 9,938	\$ 10,296
Healthcare Services	11,246	11,230	11,790	12,373	12,745	13,127
Dining Services	3,503	3,588	3,754	4,224	4,384	4,515
Assisted Living	1,207	1,067	1,099	1,132	1,166	1,200
General and Administration	3,843	4,239	4,355	4,259	4,368	4,457
Total Before Capitalization of Labor and Benefits	27,021	28,275	29,478	31,412	32,601	33,595
Less: Capitalized Labor ⁽²⁾	(1,044)	(1,179)	(1,214)	(1,250)	(1,288)	(1,327)
Adjusted Total Labor and Benefits	25,977	27,096	28,264	30,162	31,313	32,268

Source: Management

Notes:

- (1) Increase in FTEs is due to increases in occupancy throughout the forecast, completion of the Pavilion Project and the completion of the Westlake Project.
- (2) As part of its ongoing capital improvements, renovation of existing units, and other major capital projects, Management forecasts capitalizing a portion of labor, consistent with its historical practices. These capitalized labor costs are included in routine capital additions in Table 37.

Employee benefits costs include FICA, unemployment taxes, workers' compensation, medical insurance, life insurance, retirement contributions and other miscellaneous benefits.

During 2020, the state of Florida enacted legislation to increase the minimum wage. Under the new mandate, the state minimum wage rate increased from \$8.56 per hour to \$10.00 per hour as of September 2021. The minimum wage will then increase by \$1.00 per year until it reaches \$15.00 per hour by September 2026. Management has forecasted corresponding increases to the hourly rates for its existing employees and forecasted Project employees.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Non-Salary Operating Expenses

Independent Living

Management has forecasted non-salary independent living costs based upon its historical operating experience and its plans for operating the Corporation in the future. Non-salary related costs are forecasted to include Management's estimate of the costs of operating the Community during the Forecast Period. These non-salary costs include costs for professional services, including contracted labor, supplies, utilities, repairs and maintenance, and other such costs. These costs are anticipated to increase for inflation at three percent annually and with fluctuations in occupancy throughout the Forecast Period.

Healthcare Services

Management has forecasted non-salary healthcare services costs based upon its historical operating experience and its plans for operating the Corporation in the future. Non-salary related costs are forecasted to include Management's estimate of the costs of operating the Community during the Forecast Period. These non-salary costs include costs for professional services, including contracted labor, ancillary, supplies, food, insurance, repairs and maintenance, and other such costs. These costs are anticipated to increase for inflation at three percent annually and with fluctuations in occupancy throughout the Forecast Period.

Dining Services

Management has forecasted non-salary dining service expenses based upon its historical operating experience and its plans for operating the Corporation in the future. Non-salary related costs of providing dining service are forecasted to include costs for raw food, dietary supplies, equipment, linens, and other such costs. These costs are anticipated to increase for inflation at three percent annually and with fluctuations in occupancy throughout the Forecast Period.

Assisted Living

Management has forecasted non-salary resident care costs based upon its historical operating experience and its plans for operating the Corporation in the future. Non-salary related costs are forecasted to include Management's estimate of the costs of operating the Community during the Forecast Period. These non-salary costs include costs for professional services, including contracted labor, supplies, utilities, repairs and maintenance, insurance and other such costs. These costs are anticipated to increase for inflation at three percent annually and with fluctuations in occupancy throughout the Forecast Period.

General and Administrative

Management has forecasted non-salary general and administrative expenses based upon its historical experience and its future plans for operating the Corporation. Non-salary related costs include Management's estimate of the costs for items such as professional and contract services, insurance, real estate and property taxes, professional fees, marketing expense for the Project, and other miscellaneous costs. These costs are anticipated to increase for inflation at three percent annually throughout the Forecast Period with the exception of marketing expense which is forecasted based on the marketing budget. In particular, Management has forecasted marketing costs related to both the New Independent Living Units as well as the marketing for the resale of units that are vacated and transfer to the New Independent Living Units of approximately \$1,779,000, \$3,351,000, \$3,351,000 and \$279,000, respectively, during 2021, 2022, 2023 and 2024.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Depreciation Expense

Property and equipment are forecasted to be depreciated over their estimated useful lives using the straight-line method.

Interest Expense

Interest expense is forecasted related to the anticipated debt service requirements of the Series 2021 Bonds and the debt service requirements of the Series 2020 Bonds (defined hereafter) and Series 2015 Bonds (defined hereafter). Interest expense also includes the amortization of the deferred financing costs and bond premium. Management capitalizes interest expense for those amounts used for project-related costs during the development and construction period.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MANAGEMENT'S BASIS FOR FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Forecast Period are assumed to reflect net cash flows during the Forecast Period.

Accounts Receivables, Net

Accounts and other receivables, net of an allowance for non-collectible accounts, are forecasted based on Management's estimate. Management has forecasted accounts and other receivables, net, at approximately 28 days of resident revenues throughout the Forecast Period.

Other Receivable

Other receivables are forecasted based on Management's estimate of 13 days of resident revenues throughout the Forecast Period.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other are forecasted based on Management's estimate of 18 days of expenses, excluding depreciation, interest, and amortization expenses, throughout the Forecast Period.

Escrowed Project Deposits

Reflects Management's forecast of deposits relating to the Project's Expansion Independent Living Units.

Accounts Payable

Accounts payable are forecasted based upon Management's estimate of 30 days of expenses, excluding depreciation, interest, and amortization expenses, throughout the Forecast Period.

Accrued Payroll

Accrued payroll is forecasted based upon Management's estimate of salaries and benefits expenses throughout the Forecast Period.

Accrued Expenses

Accrued expenses are forecasted based upon Management's estimate of 25 days of expenses, excluding depreciation, interest, and amortization expenses, throughout the Forecast Period.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Assets Limited as to Use

Trustee Held Funds

The following funds are forecasted to be held by the trustee for the Series 2015 Bonds, Series 2020 Bonds and Series 2021 Bonds in the name of the Corporation:

Construction Funds – Upon the assumed issuance of the Series 2021 Bonds, this construction account is planned to be funded by the Series 2021 Bonds to include a portion of the forecasted amount needed to pay for Project related costs. Project Funds also include funds for the Pavilion Project that were funded by the Series 2020 Bonds.

Debt Service Reserve Funds — The Obligated Group is forecasted to maintain separate debt service reserve funds related to the Series 2021A Bonds, Series 2020 Bonds, and Series 2015 Bonds, which were funded from proceeds of the Series 2021 Bonds, Series 2020 Bonds, and Series 2015 Bonds, respectively. The debt service reserve funds are forecasted to be released and available to pay debt service in the year that the respective series of the Series 2021A Bonds, Series 2020 Bonds, and Series 2015 Bonds are repaid in full.

Funded Interest Funds – the Funded Interest Funds are forecasted to be funded from proceeds of the Series 2021 Bonds in order to pay interest payments on the Series 2021 Bonds through January 2024. In addition, remaining amounts that were funded from the Series 2020 Bonds for the Pavilion Project are also included in the Funded Interest Funds.

Entrance Fee Fund – Initial Entrance Fees related to the Expansion Independent Living Units are planned to be deposited into the Entrance Fee Fund, after being released from the state required seven day escrow. Amounts on deposit in the Entrance Fee Fund are assumed to be used to re-pay the Series 2021 Entrance Fee Bonds.

Bond Funds - The bond funds are forecasted to include monthly advance payments of bond principal and interest to be made by the Obligated Group to the bond trustee relating to the Series 2021 Bonds, Series 2020 Bonds and Series 2015 Bonds. The funds held in the bond fund are planned to be used by the bond trustee to make the principal payments and the interest payments to the owners of these bonds when due.

Other

Resident Deposits – Funds held in escrow are forecasted to remain consistent throughout the Forecast Period based upon its historical operating experience.

Capital Expenditures Funded by Bond Proceeds – The capital expenditures are forecasted to be spent in 2023 and 2024. These funds are funded by the Series 2021 Bonds and are to be used for future capital expenditures.

Minimum Liquid Reserve ("MLR") – Additional accounts which are required to be maintained in a continuing care escrow fund by Chapter 651 of the Florida Statutes ("Chapter 651"), and which are not subject to the lien of the Master Trust Indenture are as follows:

- (1) 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

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

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 Organization's annual report filed with the Florida Office of Insurance Regulation ("OIR").

- (2) 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.
- (3) 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, including any leasehold payments due during the year. To the extent that a Debt Service Reserve Fund has been established, the Organization is not required to fund an additional amount for interest and principal on the Series 2021 Bonds.

Donor-Designated Funds – Donor-designated funds are forecasted to remain consistent throughout the Forecast Period based upon its historical operating experience.

Board-Designated Funds – Board-designated funds are forecasted to remain consistent throughout the Forecast Period based upon its historical operating experience.

The following table presents Management's forecasted assets whose use is limited.

Table 36
Forecasted Assets Limited as to Use
For the Years Ending December 31,
(Dollars in Thousands)

	2021	2022	2023	2024	2025	2026
Construction Funds	\$ 114,223	\$ 57,757	\$ 2,412	\$ -	\$ -	\$ -
Debt Service Reserve Funds	10,829	10,829	10,829	10,829	10,829	10,829
Funded Interest Funds	12,053	7,346	3,032	-	-	-
Entrance Fee Fund	-	-	-	9,422	2,505	-
Bond Funds	708	707	1,121	1,121	2,025	2,026
Resident Deposits	5,195	6,169	6,169	2,041	-	-
Future Capital Projects Fund	5,500	5,500	2,750	-	-	-
Minimum Liquid Reserve	14,780	16,539	16,896	18,458	19,343	20,176
Funds Held in Escrow	4,901	4,901	4,901	4,901	4,901	4,901
Donor-Designated Funds	1,032	1,032	1,032	1,032	1,032	1,032
Board-Designated Funds	1,814	1,814	1,814	1,814	1,814	1,814
Total	\$ 171,035	\$ 112,594	\$ 50,956	\$ 49,618	\$ 42,449	\$ 40,778

Source: Management

Property and Equipment

Property and equipment balances, net of accumulated depreciation, are forecasted based on the cost of the Existing Facility and the forecasted costs of constructing the Project, and other routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table reflects the project related costs, capitalized interest, net of interest earnings, and other routine capital additions during the Forecast Period:

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 37
Forecasted Property and Equipment Additions
For the Years Ending December 31,
(Dollars in Thousands)

	2021	2022	2023	2024	2025	2026
Project costs - Westlake Project	\$ 5,463	\$ 51,767	\$ 55,346	\$ 4,613	\$ -	\$ -
Project costs - Pavilion Project	30,751	4,838	-	-	-	-
Capitalized interest, net of interest earnings, during Westlake Project construction	455	3,435	4,332	282	-	-
Capitalized interest, net of interest earnings, during Pavilion Project construction	1,458	275	-	-	-	-
Routine capital additions	12,065	12,840	12,792	14,111	10,156	10,460
Total	\$ 50,192	\$ 73,155	\$ 72,470	\$ 19,006	\$ 10,156	\$ 10,460

Source: Management

Table 38
Forecasted Property, Plant and Equipment
For the Years Ending December 31,
(Dollars in Thousands)

	2021	2022	2023	2024	2025	2026
Gross Property and Equipment	\$ 243,390	\$ 296,771	\$ 309,563	\$ 454,550	\$ 464,706	\$ 475,166
Less Accumulated Depreciation	(127,714)	(143,240)	(160,568)	(181,975)	(204,558)	(227,863)
Construction in Progress	46,529	66,303	125,981	-	-	-
Net Property and Equipment	\$ 162,205	\$ 219,834	\$ 274,976	\$ 272,575	\$ 260,148	\$ 247,303

Source: Management

Long-Term Debt and Interest Expense

During the Forecast Period, the Corporation's long-term debt is planned to be comprised of the Series 2015 Bonds, Series 2020 Bonds and Series 2021 Bonds.

The terms of the Series 2021 Bonds are more fully described in the notes to Table 7.

On February 12, 2015, the City of Pompano Beach issued the Series 2015 Bonds in the amount of \$29,470,000. Interest on the bonds is fixed and payable semi-annually on March 1st and September 1st of each year, commencing September 1, 2015. Principal on the bonds is payable annually on September 1st of each year, commencing September 1, 2021 through 2044. The bonds are secured by the Obligated Group through a gross revenue pledge and a mortgage on the property.

On October 1, 2020, the City of Pompano Beach issued the Series 2020 Bonds in the amount of \$77,605,000. Interest on the bonds is fixed and payable semi-annually on March 1st and September 1st of each year, commencing March 1, 2021. Principal on the bonds is payable annually on September 1st of each year, commencing September 1, 2021 through 2050. The bonds are secured by the Obligated Group through a gross revenue pledge and mortgage on the property.

MANAGEMENT'S SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table presents a summary of the assumed annual principal payments for all long-term debt which is presented on a December 31, fiscal year basis:

Table 39
Forecasted Annual Principal Payments
(Dollars in Thousands)

	Series 2015 Bonds	Series 2020 Bonds	Series 2021A Bonds	Series 2021B Bonds	Total
2021	\$ 650	\$ 630	\$ -	\$ -	\$ 1,280
2022	685	1,480	-	-	2,165
2023	720	1,520	-	-	2,240
2024	755	1,570	-	25,515	27,840
2025	795	1,620	-	21,980	24,395
2026	830	1,680	-	2,505	5,015
2027	855	1,740	-	-	2,595
2028	880	1,800	-	-	2,680
2029	910	1,860	-	-	2,770
2030	940	1,920	1,045	-	3,905
Thereafter	18,530	61,785	88,840	-	169,155

Source: Management and the Underwriter

Net Assets (Deficit)

Net Assets (Deficit) without Donor Restriction

Management has forecasted net assets (deficit) without donor restriction based upon the results of the forecasted statements of operations and changes in net assets (deficit).

Net Assets (Deficit) with Restriction

Net assets with donor restriction represent those assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature, those restrictions will be met by actions of the Obligated Group or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Obligated Group releases donor funds from restriction upon use of those funds for the designated purpose.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Factors and Analyses

The forecast was prepared based on assumptions made by Management concerning future operations of the Obligated Group. Various factors and conditions may occur which could adversely affect the forecast of the financial condition of the Corporation and its ability to meet its debt service requirements. These factors may include, but may not be limited to, legislation and regulatory actions, changes in assumptions concerning occupancy, real estate market, rental rates, financing, construction costs, operating costs, occupancy variations due to increased competition from other senior housing facilities, continued impacts of COVID-19, and Management's failure to implement its marketing and/or operational plans. Furthermore, Management prepared its forecast assuming that the Corporation obtains financing at rates and terms similar to those described herein, and that the debt service requirements of the Series 2021 Bonds and other existing long-term obligations do not change during the Forecast Period.

The analyses that follow should not be construed as reflecting the only significant assumptions presented in the forecast. The sensitivity analyses represent Management's analyses and have not been examined. The sensitivity analyses are not intended to be all-inclusive, and are presented for the purpose of demonstrating the significance of:

- **Sensitivity One:** Reduced occupancy of the Obligated Group's existing independent living units and nursing beds;
- **Sensitivity Two:** Increase in operating expenses one percent greater than forecasted;
- **Sensitivity Three:** Reduced pace of fill and occupancy for the Project's independent living units.
- **Sensitivity Four:** Reduced level of independent living unit turnover from what has been forecasted.

In the sensitivities that follow, ratio calculations are presented consistent with what has presented in Management's Forecasted Schedule of Financial Ratios.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity One

Sensitivity One has been prepared to present skilled nursing occupied units to stay at 80 percent throughout the forecast period and a reduction of Existing Independent Living Units by 10 percent. For purposes of this sensitivity, the reduction in occupancy began in 2022 and was estimated to occur over three years such that by 2024, a ten percent decline had been assumed to occur.

Table 40
Sensitivity One
In Thousands of Dollars, Except Ratios

	2021	2022	2023	2024	2025	2026
As Forecasted:						
Independent Living Occupied Units	589.3	595.3	603.3	584.3	599.3	605.3
Assisted Living Occupied Units	48.0	51.2	51.2	51.2	51.2	51.2
Skilled Nursing Occupied Units	153.7	166.8	170.7	174.6	174.6	174.6
Entrants Generating Entrance Fee Receipts- Existing Independent Living Units	65.0	81.0	83.0	92.0	89.0	74.0
Associated Net Entrance Fees from Unit Turnover	\$ 16,075	\$ 21,623	\$ 22,461	\$ 26,571	\$ 27,533	\$ 24,582
Operating Revenue (Excluding Amortization Income)	\$ 49,134	\$ 52,500	\$ 54,129	\$ 58,738	\$ 65,563	\$ 68,734
Operating Expenses (Excluding Depreciation and Amortization)	\$ 56,010	\$ 64,078	\$ 66,636	\$ 73,016	\$ 74,935	\$ 76,661
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 20,455	\$ 25,953	\$ 24,087
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Total Cash on Hand	\$ 63,880	\$ 59,809	\$ 57,263	\$ 56,986	\$ 63,861	\$ 67,719
Daily Operating Expenses	\$ 153.45	\$ 175.56	\$ 182.56	\$ 200.04	\$ 205.30	\$ 210.03
Days' Cash on Hand Ratio	416	341	314	285	311	322
	2021	2022	2023	2024	2025	2026
Under Sensitivity One:						
Independent Living Occupied Units	589.3	575.7	564.1	525.4	540.4	546.4
Assisted Living Occupied Units	48.0	51.2	51.2	51.2	51.2	51.2
Skilled Nursing Occupied Units	153.7	153.7	153.7	153.7	153.7	153.7
Entrants Generating Entrance Fee Receipts- Existing Independent Living Units	65.0	78.3	77.6	82.7	80.3	66.8
Associated Net Entrance Fees from Unit Turnover	\$ 16,075	\$ 16,232	\$ 16,998	\$ 20,751	\$ 27,533	\$ 24,582
Operating Revenue (Excluding Amortization Income)	\$ 49,134	\$ 49,803	\$ 49,730	\$ 52,462	\$ 58,954	\$ 61,802
Operating Expenses (Excluding Depreciation and Amortization)	\$ 56,010	\$ 62,702	\$ 64,800	\$ 70,696	\$ 72,531	\$ 74,195
Income Available for Debt Service	\$ 10,370	\$ 7,364	\$ 6,199	\$ 10,679	\$ 21,748	\$ 19,621
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	1.63 x	1.01 x	1.74 x	3.53 x	2.01 x
Total Cash on Hand	\$ 63,880	\$ 53,097	\$ 42,525	\$ 32,472	\$ 35,142	\$ 34,534
Daily Operating Expenses	\$ 153.45	\$ 171.79	\$ 177.53	\$ 193.68	\$ 198.71	\$ 203.27
Days' Cash on Hand Ratio	416	309	240	168	177	170

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Two

Sensitivity Two has been prepared to present a 1 percent increase in operating expenses (excluding interest, depreciation and amortization) per year from what has been forecasted.

Table 41
Sensitivity Two
In Thousands of Dollars, Except Ratios

	2021	2022	2023	2024	2025	2026
As Forecasted:						
Operating Expenses (Excluding Depreciation and Amortization)	\$56,010	\$64,078	\$66,636	\$73,016	\$74,935	\$76,661
Income Available for Debt Service	\$10,370	\$14,076	\$14,225	\$20,455	\$25,953	\$24,087
Long-Term Debt Service Requirement	\$3,780	\$4,509	\$6,153	\$6,153	\$6,156	\$9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Total Cash on Hand	\$63,880	\$59,809	\$57,263	\$56,986	\$63,861	\$67,719
Daily Operating Expenses	\$153.45	\$175.56	\$182.56	\$200.04	\$205.30	\$210.03
Days' Cash on Hand Ratio	416	341	314	285	311	322
	2021	2022	2023	2024	2025	2026
Sensitivity Two:						
Operating Expenses (Excluding Depreciation and Amortization)	\$56,010	\$64,719	\$67,950	\$75,073	\$77,762	\$80,283
Income Available for Debt Service	\$10,370	\$13,416	\$12,853	\$18,276	\$22,911	\$20,128
Long-Term Debt Service Requirement	\$3,780	\$4,509	\$6,153	\$6,153	\$6,156	\$9,750
Long-Term Debt Service Coverage Ratio	2.74 x	2.98 x	2.09 x	2.97 x	3.72 x	2.06 x
Total Cash on Hand	\$63,880	\$59,149	\$55,231	\$52,775	\$56,608	\$56,507
Daily Operating Expenses	\$153.45	\$177.32	\$186.16	\$205.68	\$213.05	\$219.95
Days' Cash on Hand Ratio	416	334	297	257	266	257

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Three

Sensitivity Three has been prepared to present a “break-even” occupancy for the New Independent Living Units, usually defined as the occupancy level required to achieve a 1.00 Long-Term Debt Service Coverage Ratio. For purposes of this sensitivity, “break-even” was limited by the amount of minimum liquid reserves required to be maintained by the Obligated Group to be in compliance with statutory liquidity requirements. As a result, this threshold was forecasted to occur when the New Independent Living Units achieved a 40 percent occupancy (average fill pace of 2.52 vs. forecasted 5.78) and lower final occupancy of 58 occupied units vs. forecasted 133 units). Under this sensitivity, Management assumes that the Series 2021B Bonds as repaid as forecasted.

Table 42
Sensitivity Three
In Thousands of Dollars, Except Ratios

	2021	2022	2023	2024	2025	2026
As Forecasted:						
Independent Living Project Occupied Units	-	-	-	53	115	133
Project Initial Entrance Fees	\$ 5,195	\$ 974	\$ -	\$ 30,809	\$ 15,231	\$ -
Project-Related Turnover Entrance Fees	\$ -	\$ -	\$ -	\$ 108	\$ 867	\$ 2,517
Operating Revenue (Excluding Amortization Income)	\$ 45,974	\$ 49,528	\$ 51,307	\$ 55,935	\$ 62,651	\$ 65,623
Operating Expenses (Excluding Depreciation and Amortization)	\$ 56,010	\$ 64,078	\$ 66,636	\$ 73,016	\$ 74,935	\$ 76,661
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 20,455	\$ 25,953	\$ 24,087
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Total Cash on Hand	\$ 63,880	\$ 59,809	\$ 57,263	\$ 56,986	\$ 63,861	\$ 67,719
Daily Operating Expenses	\$ 153.45	\$ 175.56	\$ 182.56	\$ 200.04	\$ 205.30	\$ 210.03
Days' Cash on Hand Ratio	416	341	314	285	311	322
Under Sensitivity Three:						
Independent Living Project Occupied Units	-	-	-	34	53	58
Project Initial Entrance Fees	\$ 5,195	\$ 974	\$ -	\$ 8,922	\$ 2,328	\$ -
Project-Related Turnover Entrance Fees	\$ -	\$ -	\$ -	\$ 108	\$ 941	\$ 2,636
Operating Revenue (Excluding Amortization Income)	\$ 45,974	\$ 49,528	\$ 51,307	\$ 54,670	\$ 58,471	\$ 60,448
Operating Expenses (Excluding Depreciation and Amortization)	\$ 56,010	\$ 64,078	\$ 66,636	\$ 73,016	\$ 74,935	\$ 76,661
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 19,167	\$ 21,057	\$ 17,373
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.12 x	3.42 x	1.78 x
Total Cash on Hand	\$ 63,880	\$ 59,809	\$ 57,263	\$ 55,719	\$ 22,956	\$ 20,117
Daily Operating Expenses	153	176	183	200	205	210
Days' Cash on Hand Ratio	418	340	313	279	112	96

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Four

Sensitivity Four has been prepared to the estimated impact of turnover being 20 percent lower than forecasted. Sensitivity Four does not reflect a reduction in occupancy as it is intended to show a period of time where turnover could be lower than forecasted.

Table 43
Sensitivity Four
In Thousands of Dollars, Except Ratios

	2021	2022	2023	2024	2025	2026
As Forecasted:						
Number of Unit Turnover	65	75	75	77	79	83
Net Entrance Fees from Unit Turnover	\$ 16,075	\$ 21,623	\$ 22,461	\$ 26,571	\$ 27,533	\$ 24,582
Income Available for Debt Service	\$ 10,370	\$ 14,076	\$ 14,225	\$ 20,455	\$ 25,953	\$ 24,087
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	3.12 x	2.31 x	3.32 x	4.22 x	2.47 x
Total Cash on Hand	\$63,880	\$59,809	\$57,263	\$56,986	\$63,861	\$67,719
Daily Operating Expenses	\$153.45	\$175.56	\$182.56	\$200.04	\$205.30	\$210.03
Days' Cash on Hand Ratio	416	341	314	285	311	322
Under Sensitivity Four:						
Number of Unit Turnover	65	60	60	62	63	67
Net Entrance Fees from Unit Turnover	\$ 16,075	\$ 17,318	\$ 18,030	\$ 21,882	\$ 22,345	\$ 18,936
Income Available for Debt Service	\$ 10,370	\$ 9,645	\$ 9,533	\$ 15,353	\$ 20,173	\$ 17,646
Long-Term Debt Service Requirement	\$ 3,780	\$ 4,509	\$ 6,153	\$ 6,153	\$ 6,156	\$ 9,750
Long-Term Debt Service Coverage Ratio	2.74 x	2.14 x	1.55 x	2.50 x	3.28 x	1.81 x
Total Cash on Hand	\$63,880	\$55,378	\$48,140	\$42,761	\$43,856	\$41,273
Daily Operating Expenses	\$153.45	\$175.56	\$182.56	\$200.04	\$205.30	\$210.03
Days' Cash on Hand Ratio	416	315	264	214	214	197

Source: Management

APPENDIX D

FORMS OF PRINCIPAL FINANCING DOCUMENTS

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COMPOSITE AMENDED AND RESTATED MASTER TRUST INDENTURE

by and between

JOHN KNOX VILLAGE OF FLORIDA, INC.

and

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

Originally dated as of December 1, 2010, as amended and supplemented by the First Amendment to Amended and Restated Master Trust Indenture dated as of October 13, 2014 and by the Second Amendment to Amended and Restated Master Trust Indenture dated as of October 1, 2020

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THIS is a composite of the AMENDED AND RESTATED MASTER TRUST INDENTURE, originally made and entered into as of the 1st day of December, 2010 (the "2010 Master Indenture"), by and between **JOHN KNOX VILLAGE OF FLORIDA, INC.**, a Florida not-for-profit corporation (the "Corporation"), as the initial Member of the Obligated Group hereinafter referred to and all other obligors as may hereafter join the Obligated Group and become Members of the Obligated Group, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out (the "Master Trustee"), which is supplemented and amended to include the terms and provisions of the First Amendment to Amended and Restated Master Trust Indenture dated as of October 13, 2014 (the "2014 Amendment") and the Second Amendment to Amended and Restated Master Trust Indenture dated as of October 1, 2020 (the "2020 Amendment") (which the 2010 Master Indenture, together with the 2014 Amendment and the 2020 Amendment, is herein referred to as, the "Master Indenture").

RECITALS:

The Initial Obligated Group Member (as defined herein) and the Master Trustee have previously entered into that certain Master Trust Indenture dated as of September 1, 2002, as supplemented and amended (the "2002 Master Indenture"). The 2002 Master Indenture permitted its amendment by supplement to the 2002 Master Indenture, so long as the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding consented to and approved such amending Supplement to undertake such amendments; therefore, the 2010 Master Indenture was put in place and made effective on December 1, 2010. The 2010 Master Indenture was thereafter previously amended with the 2014 Amendment, and now is amended by the 2020 Amendment and this is a composite which includes all the prior amendments thereto. This Composite Amended and Restated Master Trust Indenture (herein referred to as the "Master Indenture") shall be deemed a supplement and amendment to and the replacement of the 2010 Master Indenture.

Obligation No. 4 issued contemporaneously with the execution and delivery of this Master Indenture represents seventy-four and a half percent (74.5%) in aggregate principal amount of Obligations Outstanding upon issuance of Obligation No. 4.

Obligation No. 4 is not issued to secure bonds which are insured or secured as to payment of principal and interest by a Bond Insurer (as defined in the 2010 Master Indenture) and/or a credit facility provided by a credit bank. Accordingly, the consent of the Holder of Obligation No. 4, evidenced as required by the 2010 Master Indenture, provides the consent of 74.5% of the Holders as required by Section 6.02 of the 2010 Master Indenture to the supplements, amendments and restatements contained in the 2020 Amendment to the 2010 Master Indenture which are included herein.

The Corporation is authorized by law and deems it necessary and desirable that the Initial Obligated Group Member and any other Members of the Obligated Group be able to issue promissory notes, guaranties and other evidences of indebtedness (collectively, the

"Obligations") of more than one series in order to secure the financing or refinancing of the acquisition or betterment of independent living, assisted living and long-term care facilities or other facilities, or for other lawful and proper corporate purposes of the Members of the Obligated Group.

The Initial Obligated Group Member desires to provide in this Master Indenture for other entities in the future to become jointly and severally liable with the Initial Obligated Group Member for the payment of the Obligations and the performance of all covenants contained herein. The Initial Obligated Group Member and each entity incurring such joint and several liability in accordance with the terms hereof are referred to individually as a "Member" and collectively as the "Members" of the Obligated Group.

All acts and things necessary to constitute these presents a valid indenture and agreement according to its terms, have been done and performed and the execution of this Master Indenture has in all respects been duly authorized, and the Initial Obligated Group Member in the exercise of the legal right vested in it executes this Master Indenture and the Initial Obligated Group Member or any future Member may make, execute, issue and deliver one or more Obligations of various series.

In order to declare the terms and conditions upon which Obligations of each series are authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of Obligations of each series by the holders thereof in the sum of \$1.00 duly paid by the Master Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Initial Obligated Group Member and each future Member covenant and agree with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of Obligations of each series, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

SECTION 1.01 **Definitions.** For the purposes hereof unless the context otherwise indicates, the following words and phrases shall have the following meanings:

"Accountant" means a firm comprising independent certified public accountants that are members of the American Institute of Certified Public Accountants selected by the Corporation.

"Accounts" means any right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned or otherwise disposed of, (ii) for services rendered or to be rendered, or (iii) for a secondary obligation incurred or to be incurred. The term "Accounts" shall include healthcare insurance receivables. The term "Accounts" shall not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment

property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold.

"Adjustment Date" means Wednesday of each week or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

"Affiliate" means a corporation, limited liability company, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which (i) is directly or indirectly controlled by any Member of the Obligated Group, or by any Person which directly or indirectly controls any Member of the Obligated Group or (ii) controls, directly or indirectly, any Member of the Obligated Group. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body by contract or otherwise. "Affiliate" also includes each Person who is an "affiliate" of a Member of the Obligated Group under generally accepted accounting principles.

"Balloon Long-Term Indebtedness" means Long-Term Indebtedness (other than the Long-Term Indebtedness represented by Obligation No. 4 or any subsequent Obligation representing the same Indebtedness but issued to another Holder(s)) 25 percent or more of the principal payments of which are due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is incurred to be amortized by payment or redemption prior to such year.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Consultant" means a professional consulting, financial advisory, accounting, insurance, investment banking or commercial banking firm selected by the Corporation and not reasonably objected to by the Holders of a majority in aggregate principal amount of Outstanding Obligations within 15 days of being notified thereof, having the skill and experience necessary to render the particular report or certificate required and having a favorable reputation for such skill and experience, which firm does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under control with any Member of the Obligated Group or an Affiliate thereof.

"Corporate Trust Office" means the designated office of the Master Trustee at which its corporate trust business is conducted for this transaction, which at the date hereof is located in Fort Lauderdale, Florida.

"Corporation" means John Knox Village of Florida, Inc., a not-for-profit corporation, duly incorporated and validly existing under and by virtue of the laws of the State and any successor or successors thereof.

"Credit Facility" means a municipal bond insurance policy, line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility provided by an insurer, bank or other financial institution and established in connection with the issuance of Indebtedness secured by an Obligation issued hereunder to provide credit or liquidity support for such Indebtedness, or to serve as a surety in lieu of funding a debt service reserve fund with proceeds or cash.

"Days' Cash on Hand" shall mean the quotient of (i) the sum of the following assets of the Obligated Group, all determined in accordance with generally accepted accounting principles: unrestricted cash and cash equivalents and marketable securities and excluding any debt service reserve fund established for Related Bonds but including any minimum liquid reserve funds not constituting debt service reserve funds divided by (ii) (A) the cost of services provided (not including depreciation and amortization, costs incurred by reason of any natural disaster and other non-cash expenses), divided by (B) 365. In determining the divisor under clause (ii) above, there shall be excluded realized and unrealized investment losses, realized and unrealized losses from Derivative Indebtedness, extraordinary losses from the cost of services and losses related to the extinguishment of Long-Term Indebtedness.

"Defeasance Obligations" means (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated in the highest rating category by S&P and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, (iii) cash or (iv) any combination of such noncallable Government Obligations, evidences of ownership and cash, which Government Obligations or evidences of ownership, together with any cash, are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, being sufficient, together with any cash, to provide money to pay the principal of, premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"Defeased Obligations" means Obligations issued under a Supplement that has been discharged, or provision for the discharge of which has been made, pursuant to its terms or the terms of such Supplement.

"Derivative Agreement" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Member of the Obligated Group entering into such contract or arrangement determines is used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty and is designated by such Member in an Officer's Certificate delivered to the Master Trustee as a Derivative Agreement for purposes hereof.

"Derivative Indebtedness" means Indebtedness for which a Member of the Obligated Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness.

"Entrance Fees" means the fees, or other monthly charges paid by residents of the Facilities to any Member of the Obligated Group pursuant to any agreement for the purpose of obtaining the right to reside in a Facility, including any refundable deposits in respect thereof.

"Equipment" means those items constituting equipment, as that term is defined in the Uniform Commercial Code of the State, used in connection with the Mortgaged Property, whether such equipment is now owned or hereafter acquired by any Member of the Obligated Group.

"Event of Default" means, with respect to this Master Indenture, any one or more of those events set forth in Section 4.01 hereof.

"Existing Facilities" means the facilities owned and operated by the Initial Obligated Group Member as of the date hereof.

"Facilities" means the Existing Facilities and any other independent living, assisted living, or long-term care facilities or health care delivery or residential facilities designed to provide services to the elderly or low income residents hereafter owned by any Member of the Obligated Group and operated by or on behalf of any Member of the Obligated Group.

"Facility Property and Equipment" means all Property of the Members of the Obligated Group which is property and equipment under generally accepted accounting principles.

"Financial Statements" means consolidated financial statements of the Members of the Obligated Group, audited by an Accountant within 150 days of the close of each Fiscal Year,

prepared in accordance with generally accepted accounting principles consistently applied. "Financial Statements" shall include (1) a balance sheet, a statement of operations and cash flow statements setting forth actual cash flow year-to-date for the current Fiscal Year, including consolidated financial results for each Member of the Obligated Group; and (2) a calculation of compliance with the Long-Term Debt Service Coverage Ratio and Days' Cash on Hand.

"Fiscal Year" means the fiscal year of each Member of the Obligated Group, which period commences on January 1 of each year and ends on December 31 of the same year, unless the Master Trustee is notified in writing by the Obligated Group Representative of a change in such period for all of the Members of the Obligated Group, in which case the Fiscal Year shall be the period set forth in such notice.

"Fitch" means Fitch, 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, any other nationally recognized rating agency designated by the Corporation by notice to the Master Trustee.

"Force Majeure Event" means any acts of God; industrial disturbances; acts of public enemies; acts or orders of any kind of the government of the United States of America, or of any state or locality thereof or any of their departments, agencies, or officials, or any civil or military authority that materially restrict the ability of a Member of the Obligated Group or its Affiliates to operate its facilities as intended; terrorist acts; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraining of government and people; civil disturbances; explosions; nuclear accidents; wars; breakage or accidents to machinery, transmission pipes or canals; partial or entire failure of utilities; labor strikes or shortages; or any other cause not reasonably within the control of the Member of the Obligated Group or its Affiliates.

"Governing Body" means, when used with respect to any Member of the Obligated Group, its board of directors, board of trustees or other board or group of individuals in which the powers of such Member of the Obligated Group are vested or any committee of the Governing Body to which such powers have been delegated.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Gross Revenues" means all revenues, income, and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its operations including Entrance Fees, (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use

for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by this Master Indenture to be applied in a manner inconsistent with their use as Gross Revenues, (ii) Accounts, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property excluding all deposits made pursuant to residency agreements to be held in escrow under Chapter 651, Florida Statutes.

"Guaranty" means any obligation of any Member of the Obligated Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Obligated Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Obligated Group, constitute Indebtedness hereunder.

"Holder" means the owner of any Obligation issued in registered form.

"Income Available for Debt Service" means, with respect to the Obligated Group, as to any Fiscal Year, the change in unrestricted net assets determined in accordance with generally accepted accounting principles, to which shall be added depreciation expense, amortization expense, interest expense, nonrecurring expenses relating to an event of Force Majeure, and all cash received from Entrance Fees (net of refunds) other than Initial Entrance Fees to the extent designated to repay Qualifying Intermediate-Term Indebtedness, minus earned Entrance Fees and other non-cash expenses deducted from Total Revenues, *provided, however*, that no calculation thereof shall take into account (1) any gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets constituting Facility Property and Equipment not made in the ordinary course of business; (2) any unrealized gains or losses on investments; (3) any nonrecurring items of an extraordinary nature which do not involve the receipt, expenditure or transfer of assets (including insurance proceeds or condemnation awards); (4) gifts grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations; and (5) the change in value of any Derivative Agreement; and *provided further, however*, that revenues shall not include income from investments of funds held in a Qualified Escrow. For the avoidance of doubt, grant moneys and funds received through programs established by federal, state and local governments to assist the Obligated Group in response to an event of Force Majeure may be included as Income Available for Debt Service to the extent that any repayment of such funds is reasonably expected to be forgiven, if originally in the form of a loan, or received in a subsequent Fiscal Year, if provided by such federal, state or local government to offset expenses from such event of Force Majeure of an extra ordinary nature incurred during the current Fiscal Year.

"Indebtedness" means (i) all indebtedness of Members of the Obligated Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations, incurred or assumed by any Member of the Obligated Group, and (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not

include obligations of any Member of the Obligated Group to another Member of the Obligated Group, which will be by its terms, subordinate to Indebtedness evidenced by Obligations issued hereunder. If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Indebtedness, then, to avoid double counting, the principal amount of such Indebtedness so purchased shall be excluded from Indebtedness and the obligation to reimburse or repay the provider of such liquidity or credit facility shall be included in the calculation of Indebtedness.

"Initial Entrance Fee" means Entrance Fees received upon the initial occupancy of any independent living unit which is part of the Facilities which has not previously been occupied.

"Initial Obligated Group Member" means the Corporation.

"Insurance Consultant" means a Person selected by the Corporation which is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of any Member of the Obligated Group or an Affiliate, which is qualified to survey risks and to recommend insurance coverage for continuing care facilities and services and organizations engaged in such operations.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of such Property, whether such interest arises by contract, statute or common law, including but not limited to any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property which secures any Indebtedness or any other obligation of any Member of the Obligated Group or which secures any obligation of any Person. The term "Lien" shall include any easements, covenants, restrictions, conditions, encroachments, reservations, rights-of-way, leases and other title exceptions and encumbrances affecting real property.

"Long-Term Debt Service Coverage Ratio" means, for each 12-month period for which it is computed, the quotient determined by dividing the Income Available for Debt Service for such 12-month period for which it is computed by the Long-Term Debt Service Requirement for such 12-month period for which it is computed; *provided*, that for purposes of calculating the Long-Term Debt Service Coverage Ratio, debt service on (i) the final maturity of any Long-Term Indebtedness shall be excluded to the extent of amounts on deposit in any debt service reserve account related to such debt available to pay such debt service and (ii) debt service on Qualifying Intermediate-Term Indebtedness, shall be excluded.

"Long-Term Debt Service Requirement" means, for any Fiscal Year for which such determination is made, the aggregate of the payments to be made in respect of the principal of and interest on Outstanding Long-Term Indebtedness of the Obligated Group during such Fiscal Year, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness, the amount of principal which would be payable in such Fiscal Year if the principal of such Balloon Long-Term Indebtedness to be amortized in succeeding Fiscal Years were amortized from the maturity date of such Balloon Long-Term Indebtedness over a period not to exceed 30

years on a level debt service basis at an interest rate set forth in an opinion of a banking institution or an investment banking institution knowledgeable in health care finance delivered to the Master Trustee as the interest rate at which the Obligated Group could reasonably expect to borrow the same by issuing an obligation with the same term and a fixed rate of interest as assumed above;

(ii) with respect to Variable Rate Indebtedness that is Long-Term Indebtedness, the interest on such Indebtedness shall be calculated at (A) in the case of Outstanding Variable Rate Indebtedness, the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period) and (B) in the case of Variable Rate Indebtedness proposed to be incurred or which has been outstanding less than 12 months, the rate which is a rate or rates of interest determined by a qualified investment banking or financial advisory institution or firm selected by the Corporation, as the rate of interest such Variable Rate Indebtedness would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as the proposed Variable Rate Indebtedness of such maturity, such proposed Variable Rate Indebtedness of such maturity were issued at a fixed interest rate;

(iii) with respect to any Guaranty, it shall be assumed that the indebtedness that is the subject of the Guaranty shall be repaid in accordance with its scheduled maturities and that the Guaranty shall have identical repayment terms; *provided, however*, that (A) if no payment shall have been made on such Guaranty and the long-term debt service coverage ratio (calculated in the same manner as the Long-Term Debt Service Coverage Ratio) achieved by the Person whose indebtedness is guaranteed is not less than 1.10, the amount of debt service with respect to the indebtedness guaranteed to be treated as Indebtedness of the Obligated Group shall be zero during the period for which the computation is being made for the purpose of determining compliance with any of the provisions of this Master Indenture other than Section 3.07 hereof, (B) if no payment shall have been made on such Guaranty and the long-term debt service coverage ratio (calculated in the same manner as the Long-Term Debt Service Coverage Ratio) achieved by the Person whose indebtedness is guaranteed is less than 1.10 but equal to or greater than 1.00, 50 percent of the amount of principal and interest on the guaranteed indebtedness during the period for which the computation is being made shall be treated as Indebtedness of the Obligated Group for the purpose of determining compliance with any of the provisions of this Master Indenture other than Section 3.07 hereof and (C) (1) if no payment shall have been made on such Guaranty and the long-term debt service coverage ratio (calculated in the same manner as the Long-Term Debt Service Coverage Ratio) achieved by the Person whose indebtedness is guaranteed is less than 1.00 or (2) if a payment shall have been made on such Guaranty, then in the case of (1) or (2) above, during the period commencing on the date such coverage ratio is less than 1.00 (in the case of (1)) or the date of such payment (in the case of (2)) and

ending on the day which is two years after (x) the date such coverage ratio is not less than 1.00 (in the case of (1)) or (y) the last payment by such Member of the Obligated Group on such Guaranty (in the case of (2)), then (3) for the purposes of determining compliance with any of the provisions of Section 3.06 hereof, 100 percent of the amount of principal of and interest on the guaranteed indebtedness during the period for which the computation is being made shall be taken into account and (4) for the purpose of determining compliance with any of the provisions of Section 3.07 hereof, 100 percent of the amount actually paid by such Member of the Obligated Group for principal of and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account;

(iv) with respect to Derivative Indebtedness, interest due thereon shall be taken into account based on the synthetic rate of interest per annum provided by the associated Derivative Agreement; and

(v) with respect to Put Indebtedness, the option of the holder thereof to demand the purchase by the Obligor of such Indebtedness and any requirement that such Indebtedness be purchased by the Obligor in connection with any termination of any credit or liquidity facility securing such Indebtedness or any conversion of the interest rate on such Indebtedness shall be disregarded.

"Long-Term Indebtedness" means all obligations for borrowed money incurred or assumed by any Member of the Obligated Group, including (a) Guaranties, (b) Short-Term Indebtedness if there exists a commitment by an institutional lender whose long-term, unsecured debt obligations are rated not less than "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) by any of Fitch, Moody's and S&P to provide financing to retire such Short-Term Indebtedness and such commitment provides (i) terms and conditions that can be reasonably met by such Member of the Obligated Group to incur such Indebtedness, as certified in an Officer's Certificate filed with the Master Trustee and (ii) for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness, and (c) the current portion of Long-Term Indebtedness (this shall not be read to exclude any portion of Long-Term Indebtedness not constituting the current portion), for any of the following:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year; and

(iii) installment sale or conditional sale contracts having an original term in excess of one year; *provided, however*, that any Guaranty by any Member of the Obligated Group of any obligation of any Person which obligation would, if it were a direct

obligation of such Member of the Obligated Group, constitute Short-Term Indebtedness or Non-Recourse Indebtedness shall be excluded. If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Long-Term Indebtedness, then, to avoid double counting, the principal amount of such Long-Term Indebtedness so purchased shall be excluded from Long-Term Indebtedness.

"Management Consultant" means an independent management consulting firm of favorable repute for skill and experience in performing the duties imposed upon it by this Master Indenture selected by the Corporation and not reasonably objected to by the Holders of a majority in aggregate principal amount of Outstanding Obligations within 15 days of being notified thereof.

"Master Indenture" means this Composite Amended and Restated Master Indenture, dated as of October 1, 2020, which includes the 2014 Amendment and the 2020 Amendment, and shall include any future amendments or supplements in accordance herewith.

"Master Trustee" means initially U.S. Bank National Association and its successors in the trusts created hereunder.

"Maximum Annual Debt Service" means the highest Long-Term Debt Service Requirement for the current or any succeeding Fiscal Year; *provided*, that for purposes of determining Maximum Annual Debt Service, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent any debt service reserve fund related to such debt is available to pay such debt service, *provided, further*, that for purposes of determining Maximum Annual Debt Service for variable rate debt for which a liquidity facility is provided, if the reimbursement agreement for such liquidity 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.

"Member of the Obligated Group" means, initially and as of the date hereof, the Initial Obligated Group Member and, thereafter, any Person which shall become a Member of the Obligated Group in accordance with Section 3.12 of this Master Indenture and not including any Person which shall have withdrawn from the Obligated Group in accordance with Section 3.13 of this Master Indenture.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of the securities rating agency, any other nationally recognized securities rating agency designated by the Corporation by notice to the Master Trustee.

"Mortgage" means the Amended and Restated Mortgage and Security Agreement dated October 31, 2014, by the Obligated Group in favor of the Master Trustee, as amended and supplemented from time to time in accordance with its terms.

"Mortgaged Property" means, collectively, Mortgaged Property as defined in the Mortgage and as provided in any other mortgage securing Obligations.

"Net Book Value" when used in connection with Facility Property and Equipment or other Property of any Person, means the value of such Facility Property and Equipment (or other Property) net of accumulated depreciation, as it is carried on the books of such Person in conformity with generally accepted accounting principles, and when used in connection with Facility Property and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Facility Property and Equipment or other Property of the Obligated Group determined in such a manner that no portion of such value of Facility Property and Equipment or other Property is included more than once.

"Nonrecourse Indebtedness" means any Indebtedness secured by a Lien, the liability for which is effectively limited to the Facility Property and Equipment the purchase, acquisition or improvement of which was financed with the proceeds of such Nonrecourse Indebtedness and which is subject to such Lien with no recourse, directly or indirectly, to any other Property of any Member of the Obligated Group.

"Obligation No. 2" means the Obligation issued February 12, 2015, which is currently outstanding in the par amount of \$44,686,025.

"Obligation No. 4" means the Obligation issued contemporaneously with the execution and delivery of this Master Indenture.

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Obligated Group Representative" means the Corporation or any other Person at the time designated to act on behalf of the Obligated Group in a written certificate furnished to the Master Trustee, which certificate shall contain a specimen signature of such Person and shall be signed on behalf of the Obligated Group by the Executive Vice President of the Corporation or by his designee.

"Obligation" means the evidence of particular Indebtedness issued hereunder.

"Officer's Certificate" means a certificate signed by (i) the chairman of the Governing Body, or the president or chief executive officer, or the chief financial officer, treasurer, or the chairman of the executive or finance committee of the Governing Body of each Member of the Obligated Group or (ii) the Obligated Group Representative. Each Officer's Certificate presented under this Master Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of) this Master Indenture and shall incorporate by reference and use in all appropriate instances all terms defined in Section 1.01 in this Master Indenture. Each Officer's Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps

being taken to remedy such non-compliance, and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

"Opinion of Bond Counsel" means an opinion in writing signed by an attorney or firm of attorneys appointed by the Corporation and acceptable to the Master Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for any Member of the Obligated Group or other counsel acceptable to the Master Trustee.

"Outstanding," when used with reference to Indebtedness, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness deemed paid and no longer Outstanding under the documents pursuant to which such Indebtedness was incurred, and (iii) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser.

"Permitted Liens" means those Liens described in Section 3.05(b) hereof.

"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.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated.

"Put Indebtedness" means the Indebtedness associated with Obligation No. 4 and any other Long-Term Indebtedness that is subject to purchase at the option of the owner thereof or mandatory purchase.

"Qualified Escrow" means a segregated escrow fund or other similar fund or account which (a) is irrevocably established as security for Long-Term Indebtedness previously incurred and then Outstanding (herein referred to as "Prior Indebtedness") or for Long-Term Indebtedness, if any, then to be incurred to refund Outstanding Prior Indebtedness (herein referred to as "Refunding Indebtedness"), (b) is held by the holder of the Prior Indebtedness or Refunding Indebtedness secured thereby or by a trustee or agent acting on behalf of such holder and is subject to a perfected security interest in favor of such holder, trustee or agent, (c) is held in cash or invested in Defeasance Obligations (or similarly defined obligations), as defined in the Related Bond Indenture that secures such Prior Indebtedness or Refunding Indebtedness, and (d) is required by the documents establishing such fund or account to be applied toward

the Obligated Group's payment obligations in respect of the Prior Indebtedness, provided that, if the fund or account is funded in whole or in part with the proceeds of Refunding Indebtedness, the documents establishing the same may require specified payments of principal or interest (or both) in respect of the Refunding Indebtedness to be made from the fund or account prior to the date on which the Prior Indebtedness is repaid in full.

"Qualifying Intermediate-Term Indebtedness" means all or any part of any Indebtedness that (i) the average life of which is not expected to be greater than seven years, and (ii) is, according to a certificate of the Obligated Group Representative delivered to the Master Trustee, issued or incurred to finance new Facilities, the Initial Entrance Fees from which new Facilities (based solely on prospective residents from whom the Obligated Group has received a deposit of at least 10% of the projected Entrance Fee for such resident) are required to be deposited into a separate account and will equal or exceed the aggregate of the principal amount of such Qualifying Intermediate-Term Indebtedness.

"Qualified Investments" means

- (i) Direct obligations of, or obligations guaranteed by, the United States of America ("Treasuries")
- (ii) Senior debt obligations and participation certificates issued by an agency or instrumentality established by an act of Congress, including but not limited to the Fannie Mae, Federal Home Loan Bank, Freddie Mac, and Federal Farm Credit Bank System ("Federal Agency Securities"), in each case rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least two nationally recognized rating agencies;
- (iii) Obligations of any state or political subdivision thereof rated at least "AA-" and "Aa3" by S&P and Moody's, respectively, at the time of acquisition thereof;
- (iv) Negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated in the highest long-term category by Moody's or S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Treasuries or Federal Agency Securities
- (v) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the

accepting bank has the highest short-term letter and numerical rating as provided by Moody's or S&P at the time of acquisition thereof;

- (vi) Money market funds which have a rating of "AAAm-G," "AAAm" or "AAAm" by S&P at the time of acquisition thereof, provided that the fund is registered under the Federal Investment Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933;
- (vii) Investment agreements with providers rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least two nationally recognized rating agencies, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the credit rating of the provider (or guarantor, as the case may be) is downgraded by one or more nationally recognized rating agency to below the second highest category, the agreement shall (i) be fully collateralized at 104% by Treasuries or 105% by Federal Agency Securities or (ii) terminate;
- (viii) Collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least two nationally recognized rating agencies, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed;
- (ix) Forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least two nationally recognized rating agencies, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed;
- (x) Commercial paper which is rated at the time of acquisition thereof at least "A-1" by S&P or "P-1" by Moody's and which matures not more than 270 days after the date of purchase;
- (xi) Notes issued by corporate entities rated at least "AA-" and "Aa3" by S&P and Moody's, respectively, at the time of acquisition thereof; and
- (xii) Other obligations or securities that either (i) under the applicable standards and guidelines of each Rating Agency are investments in which money in a particular

fund or account held hereunder may be invested by the Obligated Group, or (ii) as to the investment therein for any fund or account the Obligated Group has received rating confirmation.

"Related Bond Indenture" means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued and may include a loan agreement among the Related Bond Issuer, the Obligated Group Representative and the purchaser of the Related Bonds.

"Related Bond Issuer" means the issuer of any issue of Related Bonds.

"Related Bonds" means (a) revenue bonds or similar 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, and (b) any bonds issued by any other Person, in either case the proceeds of which are loaned or otherwise made available to a Member of the Obligated Group in consideration, whether in whole or part, of the execution, authentication and delivery of an Obligation to secure payment of such bonds or in consideration of the execution and delivery of a Guaranty issued by a Member of the Obligated Group which Guaranty is represented by an Obligation.

"Related 2020 Bonds" means the \$77,605,000 City of Pompano Beach, Florida Revenue and Revenue Refunding Bonds (John Knox Village of Florida Project), Series 2020.

"Regulations" means the regulations promulgated by the Internal Revenue Service under Section 103 and Sections 141-150 of the Code, as applicable.

"Reserve Fund" or "Debt Service Reserve Fund" means the Reserve Fund created herein pursuant to Section 3.01(e).

"Reserve Fund Deposit" shall mean initially: (i) the Reserve Fund Requirement required to be deposited to the credit of the Reserve Fund on account of the Related 2020 Bonds or any additional series of Related Bonds that by the terms of its document is secured by the Reserve Fund; plus (ii) an amount in each of the twelve (12) successive months beginning with the month following any month in which any amount shall have been withdrawn from the Reserve Fund or a deficiency is determined to exist upon valuation of the Reserve Fund pursuant to Section 301(e) of this Master Bond Resolution, equal to one-twelfth (1/12) of the deficiency created by such withdrawal or resulting from such valuation until such deficiency is made up.

"Reserve Fund Requirement" shall mean, as of any date of calculation, an amount equal to the Maximum Annual Debt Service; less any funds in escrow to satisfy the debt service component of the maximum liquid reserve, whether or not pledged for the Related Bonds, or which Reserve Fund Requirement may consist of cash, a reserve account credit facility, or any combination of the foregoing; provided, however, that the Reserve Fund Requirement established for Related Bonds in a Supplement authorizing such Related Bonds, may provide

for the Reserve Fund for such Related Bonds be held in a separate account and the Reserve Fund Requirement to be set at zero (\$0.00.) or, subject to compliance with the Code, any other amount. Upon the issuance of Related Bonds to be secured on parity with the amounts then on deposit in the Reserve Fund, rather than being secured by a separate account in the Reserve Fund or by not having any security through the Reserve Fund, in order to be qualified for such parity security interest in the Reserve Fund there is required to be deposited therein an amount which will result in the total amount on deposit in the Reserve Fund equaling the Reserve Fund Requirement for all Related Bonds secured thereunder.

"S&P" means Standard & Poor's, a business of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Corporation by notice to the Master Trustee.

"Short-Term Indebtedness" means all obligations, other than the current portion of Long-Term Indebtedness, incurred or assumed by one or more Members of the Obligated Group, for any of the following:

- (i) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (ii) payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) payments under installment purchase or conditional sale contracts having an original term of one year or less.

If a credit facility or liquidity facility is used or drawn upon to purchase, but not retire, Short-Term Indebtedness, then, to avoid double counting, the principal amount of such Short-Term Indebtedness so purchased shall be excluded from Short-Term Indebtedness; *provided*, that the obligation to reimburse or repay the credit facility or liquidity facility used or drawn upon to accomplish such purchase is otherwise included in Short-Term Indebtedness or Long-Term Indebtedness, as applicable, for purposes hereof.

"Stable Occupancy" means, in connection with the incurrence of Additional Indebtedness for any capital addition to the Facilities, an average occupancy of 85% for a full Fiscal Year.

"State" means the State of Florida.

"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 and 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.

"Total Revenues" means, with respect to the Obligated Group, as to any period of time, total revenues, as determined in accordance with generally accepted accounting principles consistently applied.

"Transfer" means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

"U.S. Government Securities Business Day" means any day other than (a) a Saturday or a Sunday, or (b) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Master Trustee is required or permitted by law to close.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate to the final maturity of such Indebtedness; provided, however, that after incurrence, if the interest rate on such Indebtedness is revised to a fixed or constant rate to the final maturity of such Indebtedness it shall no longer be deemed Variable Rate Indebtedness for purposes hereof.

SECTION 1.02 Interpretation.

(a) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group shall include those Persons succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or

pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles consistently applied.

(d) Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Provisions relating to the redemption of Obligations or the calling of Obligations for redemption do not mean or include the payment of Obligations at their stated maturity or maturities.

(f) 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 Corporation, at the time in effect (provided that such GAAP are applied consistently with the requirements existing either on the date hereof or at the time in effect) as applied to the Obligated Group Members, on a consistent basis by its accountants in preparation of its previous annual financial statements.

ARTICLE II

INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

SECTION 2.01 Amount of Indebtedness. Each Member of the Obligated Group may incur Indebtedness by issuing Obligations hereunder or by creating Indebtedness under any other document. Each Obligation (unless otherwise provided therein) issued pursuant to the provisions of this Master Indenture shall be secured *pari passu* with the security interests granted in the Gross Revenues and the Mortgaged Property as defined in Section 3.01 of this Master Indenture. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created hereunder are not limited, except as limited by the provisions hereof, including Section 3.06, or of any Supplement. Any Member of the Obligated Group proposing to incur Long-Term Indebtedness, whether evidenced by Obligations issued hereunder or Indebtedness created under any other documents, shall, at least seven days prior to the date of the incurrence of such Long-Term Indebtedness, give written notice of its intention to incur such Long-Term Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the other Members of the Obligated Group and to the Master Trustee. The Master Trustee shall be under no obligation to verify that any such notice has been given to such other Members of the Obligated Group. Each Member of the Obligated Group is jointly and severally liable for each and every Obligation.

SECTION 2.02 Designation of Obligations. Obligations shall be issued in such forms as may from time to time be created by Supplements permitted hereunder. Each Obligation or series of Obligations shall be created by a different Supplement and shall be designated in such a manner as will differentiate such Obligation from any other Obligation.

SECTION 2.03 Execution and Authentication of Obligations. Each Obligation shall be executed for and on behalf of the issuers thereof, by their respective chairman, vice chairman, president, chief executive officer, vice president or chief financial officer. The signature of any of such officers may be mechanically or photographically reproduced on the Obligation. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Obligation shall, upon written direction to the Master Trustee from the Obligated Group pursuant to an Officer's Certificate, 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

The undersigned Master Trustee hereby certifies that this Obligation No. ____ is one of the Obligations contemplated by the within mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Authorized Signatory

SECTION 2.04 Supplement Creating Indebtedness Evidenced by Obligations. Any Member of the Obligated Group and the Master Trustee may from time to time enter into a Supplement in order to create an Obligation hereunder. Such Supplement shall set forth the date of such Obligation, the date or dates on which the principal of, redemption premium, if any, and interest on such Obligation shall be payable, the form of such Obligation and such other terms and provisions as shall conform with the provisions hereof.

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 an Obligation pursuant to this Master Indenture:

(a) All requirements and conditions to the issuance of such Obligation, if any, set forth in this Master Indenture and the Supplement creating such Obligation shall have been

complied with and satisfied, as provided in an Officer's Certificate, a copy of which Certificate shall be delivered to the Master Trustee;

(b) The issuer of such Obligation shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) registration of such Obligation under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplement creating such Obligation 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 (ii) this Master Indenture, the Supplement creating such Obligation and such Obligation have been duly executed and delivered by the Members of the Obligated Group, and are valid, binding and enforceable obligations of the Members of the Obligated Group in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual principles of equity; and

(c) Each Member of the Obligated Group shall have delivered to the Master Trustee an Officer's Certificate stating that, to the best of the knowledge of the signer thereof, the Person who is to be the Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any Member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant or (ii) any Member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE III

PARTICULAR COVENANTS OF THE OBLIGATED GROUP

SECTION 3.01 Security; Restrictions on Encumbering Gross Revenues; Payment of Principal and Interest. (a) Each Obligation issued pursuant to this Master Indenture shall be a general obligation of each Member of the Obligated Group. To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Obligations and the performance by each Member of the Obligated Group of its other obligations hereunder and thereunder, each Member of the Obligated Group hereby grants to the Master Trustee a security interest in its Gross Revenues. The applicable Members of the Obligated Group have executed and delivered the respective instruments composing the Mortgage, thereby granting to the Master Trustee a security interest in the Mortgaged Property, and each Member of the Obligated Group covenants to execute and deliver a mortgage or modification agreement to the extent required under Section 3.14 of this Master Indenture. The Master Trustee shall, upon request of a Member of the Obligated Group, execute any document, instrument or agreement necessary to cause its security interest in the Gross Revenues and

Mortgaged Property of such Member of the Obligated Group to be *pari passu* with Liens permitted under Section 3.05(b)(xvii) of this Master Indenture. Prior to its receipt of a request from the Master Trustee pursuant to Section 3.01(d) of this Master Indenture, any Member of the Obligated Group may Transfer all or any portion of its Mortgaged Property, free of the Lien of the Mortgage or any other mortgage encumbering such Mortgaged Property, respectively, subject to the provisions of Sections 3.09 and 3.10 of this Master Indenture and the Mortgage or such other mortgage. In the event of such Transfer of Mortgaged Property, the Master Trustee shall, upon request of a Member of the Obligated Group, execute a release of its Lien or security interest with respect to the Mortgaged Property so Transferred. Upon the request of any Member of the Obligated Group, the Master Trustee shall provide to such Member of the Obligated Group a written certification as to whether there is currently outstanding a request from the Master Trustee pursuant to Section 3.01(d) of this Master Indenture.

Upon the delivery of Obligation No. 4 hereunder, there shall be filed, if not previously filed, in the form required by the Uniform Commercial Code of the State for filing in the secured transaction registry of the Secretary of State of Florida amendments to the financing statement evidencing the security interest of the Master Trustee in the Gross Revenues to reflect the execution of this Master Indenture.

Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such amendments or supplements to this Master Indenture as may be necessary or appropriate to include as security hereunder its Gross Revenues. In addition, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to the occurrence of an event contemplated under Section 3.14 of this Master Indenture or changes in the membership of the Obligated Group, including, without limitation, (i) any Person becoming a Member of the Obligated Group pursuant to Section 3.12 of this Master Indenture, or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to Section 3.13 of this Master Indenture. In particular, each Member of the Obligated Group covenants that it will, at least sixty days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to comply with applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least 25 days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interests in Gross Revenues shall remain perfected.

(b) Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in (except as provided in paragraph (a) above and as may be otherwise provided in this Master Indenture) any of its Gross Revenues.

(c) Each Obligation shall be a joint and several obligation of each Member of the Obligated Group. Each Member of the Obligated Group covenants promptly to pay or cause to be paid the principal of, redemption premium, if any, and interest on each Obligation issued hereunder at the place, on the dates and in the manner provided herein, in the Supplement and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) 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. Each Member of the Obligated Group covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Master Trustee, deliver or direct to be delivered to the Master Trustee all Gross Revenues then in the possession of, and thereafter received by, such Member of the Obligated Group until such Event of Default has been cured, such Gross Revenues to be applied in accordance with Section 4.04 of this Master Indenture.

SECTION 3.01(A) Debt Service Reserve Fund. The Master Trustee shall establish and maintain so long as any Obligations entitled to the benefit thereof are outstanding a separate fund to be known as the "Reserve Fund-John Knox Village of Florida, Inc." The Master Trustee shall hereinafter be entitled to establish and maintain any separate accounts in the Reserve Fund as may be set forth in a Supplement, which accounts may be for the benefit of one or more Obligations, as provided in the applicable Supplement(s). If, on any date on which principal of or interest on an Obligation or Obligations entitled to the benefits of the Debt Service Reserve Fund or account therein is to be paid to the Holder thereof, the moneys on deposit under the Related Bond Indenture are insufficient to pay the principal of or interest on such Related Bonds, then the Master Trustee shall proceed to use moneys on deposit in the applicable Reserve Fund (or applicable account therein) to make up any deficiencies by paying money on deposit in the Debt Service Reserve Fund (or applicable account therein) to the Holder of the applicable Obligation(s) to make up any deficiencies. In the event that moneys are withdrawn from the Debt Service Reserve Fund to make up any such deficiencies, the Master Trustee shall notify the Obligated Group of the amount so withdrawn. In the case of any such withdrawal, the Obligated Group agrees to restore the amount on deposit in the Debt Service Reserve Fund or account therein to an amount equal to the Reserve Fund Requirement in not more than 12 substantially equal consecutive monthly installments beginning with the first day of the first month after the month in which the withdrawal was made.

Any future Supplement to this Master Indenture creating an Obligation shall provide whether such Obligation will be entitled to the benefit of the security of the Debt Service Reserve Fund or whether such Related Bonds secured by such Obligation will be secured by any separate account (if any). If so entitled to be secured on parity under the Debt Service Reserve Fund, such Supplement shall provide for the deposit of such amount of the proceeds from the sale thereof or from other sources as may be necessary to cause the amount on deposit

in the Debt Service Reserve Fund to equal the Reserve Fund Requirement on all Obligations outstanding and specified to be so entitled to the benefit of such Debt Service Reserve Fund.

Investments in the Debt Service Reserve Fund or account therein shall be valued by the Master Trustee as of the last Business Day of each June and December on the basis of fair market value (which valuation shall take into account any accrued and unpaid interest). The funds in the Debt Service Reserve Fund may be invested in Qualified Investments as directed by the Obligated Group. Reserve Fund credit facilities, surety bonds, guaranteed investment contracts and other investment agreements constituting "Qualified Investments" in the Debt Service Reserve Fund shall be valued at the amount which is available to be drawn or paid thereunder. If on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Reserve Fund Requirement as a result of a decline in the market value of investments in the Debt Service Reserve Fund, the Obligated Group shall deposit in the Debt Service Reserve Fund the amount necessary to restore the amount on deposit in the Debt Service Reserve Fund to the Reserve Fund Requirement within not more than 60 days following the date on which it receives notice of such deficiency from the Master Trustee. If the amount on deposit in the Debt Service Reserve Fund is more than the Reserve Fund Requirement, the amount of such excess shall, if the Obligated Group so directs, (i) be transferred to the Related Bond Trustee to the extent of the amount required to be deposited for debt service for the next required principal payment date on the Related Bonds occurring within 13 months of such transfer and any excess shall be deposited in the interest fund and used to pay interest on Related Bonds or (ii) used for any other corporate purpose, provided, however, the Master Trustee shall have received an Opinion of Bond Counsel (which Opinion of Bond Counsel, including the scope, form, substance and other aspects thereof are acceptable to the Master Trustee) to the effect that the foregoing use in subsection (ii) above will not adversely affect the validity or enforceability in accordance with their terms of the Related Bonds or any exception for the purposes of federal income taxation to which interest on the Related Bonds are otherwise entitled.

SECTION 3.02 Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group hereby covenants:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; *provided, however*, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) At all times to cause its Facility Property and Equipment to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; *provided, however*, that nothing

contained in this paragraph shall be construed to (i) prevent it from ceasing to operate any portion of its Facility Property and Equipment, if in its judgment (evidenced, in the case of such cessation other than in the ordinary course of business, by an opinion of a Management Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Facility Property and Equipment, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Property; *provided, nevertheless*, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; *provided, however*, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations issued and Outstanding hereunder or any Related Bonds) whose validity, amount or collectability is being contested in good faith.

(f) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(g) To procure and maintain all necessary licenses and permits for the Facilities.

(h) So long as this Master Indenture shall remain in force and effect, each Member of the Obligated Group which is a Tax-Exempt Organization at the time it becomes a Member of the Obligated Group agrees, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, that it will not take any action or fail to take any action which action or failure to act (including any action or failure to act which would result in the alteration or loss of its status as a Tax-Exempt Organization), which would, in the Opinion of Bond Counsel, result in the interest on any tax-exempt Related Bond which is not includable in the gross income of the holder thereof for federal income tax purposes becoming included in the gross income of the holder thereof for federal income tax purposes.

SECTION 3.03 Insurance. (a) Each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, the following types of insurance (including one or more self-insurance programs) as, in its judgment, are adequate to protect it and its Facility Property and Equipment and operations: (i) Builder's risk insurance during the construction of any project costing more than \$500,000 (provided, however, such insurance will not be required to be maintained by any Member if it is instead maintained by the construction manager or general contractor relating to any construction project) (ii) comprehensive general public liability insurance, including blanket contractual liability and automobile insurance including owned or hired automobiles (excluding collision and comprehensive coverage thereon), (iii) fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard coverage and vandalism and malicious mischief endorsements and business interruption insurance (termination of such coverage to be subject to 30 days' advance notice thereof provided by the insurer to the Master Trustee), (iv) professional liability insurance, (v) workers' compensation insurance, (vi) fidelity insurance covering employees with access to revenues and receipts, and (vii) boiler and machinery insurance on a replacement cost basis.

(b) In lieu of obtaining third-party coverage for the foregoing risks, the Members of the Obligated Group may self-insure any of the required coverages (or a portion thereof) except for the coverages described in clauses (iii) and (v) of paragraph (a) above; *provided*, that the Obligated Group shall deliver to the Master Trustee a report of an Insurance Consultant on an annual basis stating that the Obligated Group has adequately funded reserves for such self-insurance. The Obligated Group may also arrange insurance coverage through a captive insurance company provided that an Insurance Consultant's report indicates that such insurance is consistent with proper management and insurance practices and that the capitalization of the captive insurance company is adequate in light of the risk insured against when compared to the Obligated Group's claims experience.

(c) Commencing October 1, 2023 and every three years thereafter on October 1, the Obligated Group shall provide to the Master Trustee a report of an Insurance Consultant as to whether the amounts of coverage for the insurance described in clauses (ii), (iii), (iv), (v), (vi) and (vii) of paragraph (a) above are appropriate to the risks to which the Obligated Group is subject when balanced against the cost of obtaining insurance coverage therefor. To the extent the report recommends action, the Obligated Group agrees to take such action to the extent it is reasonably practicable to do so.

(d) Should the Master Trustee receive notice from an insurer to the effect that insurance coverage will be terminated and the Obligated Group does not provide evidence of coverage by another insurance carrier, the Master Trustee will promptly notify in writing the Corporation and the owners of the Obligations of the impending termination. The Master Trustee, upon being indemnified therefor by the owner of any Obligation, shall arrange for insurance coverage in compliance with this Section 3.03, to the extent such coverage is available.

SECTION 3.04 Insurance and Condemnation Proceeds. Proceeds received by any Member of the Obligated Group for casualty losses or condemnation awards may be used for such lawful corporate purposes as the recipient determines, including, but not limited to, the replacement or repair of the damaged or taken Facility Property and Equipment and the application of such proceeds to the payment or repayment of any Indebtedness in accordance with the terms thereof; *provided, however*, if the amount received exceeds \$1,000,000, the Obligated Group Representative shall deliver to the Master Trustee (i) contracts showing that repair or replacement can be completed with funds available therefor (from such insurance and condemnation proceeds or otherwise) and (ii) a Consultant's forecast that no monetary default will occur prior to the completion of such repair or replacement. If the Obligated Group Representative fails to deliver such contracts and forecast within 120 days of the receipt of such insurance proceeds or condemnation awards, such proceeds or awards shall be applied *pro rata* to the prepayment of the Obligations (to the extent they are prepayable). Notwithstanding the foregoing, if the Master Trustee receives a Consultant's report that the relevant Facility can continue to operate with less than full repair or replacement of the damage or loss caused by casualty or condemnation and the Obligated Group can continue to meet the Long-Term Debt Service Coverage Ratio, the Days' Cash on Hand and any other financial covenants (including the maintenance of any debt service reserve fund established for Related Bonds) then insurance proceeds or the condemnation award to the extent not used to make partial repairs or replacements are to be used to redeem in part the Obligations, *pro rata* (to the extent they are redeemable).

SECTION 3.05 Limitations on Creation of Liens. (a) Each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien upon Gross Revenues or Mortgaged Property other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) The Lien on the Gross Revenues created by Section 3.01(a) of this Master Indenture;

(ii) The Lien on the Mortgaged Property created by the Mortgage and any Lien created by any other mortgage securing all Obligations on a *pari passu* basis;

(iii) Liens arising by reason of good faith deposits with any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group 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;

(iv) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or anybody 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 of the Obligated Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(v) Any judgment lien against any Member of the Obligated Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(vi) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property of any Member of the Obligated Group; (B) any liens on any Property of any Member of the Obligated Group for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any Liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors have been due for fewer than 90 days; (C) easements, right-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property of any Member of the Obligated Group which, in the Opinion of Counsel to the Obligated Group, do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) to the extent that it affects title to any Property of any Member of the Obligated Group, this Master Indenture; and (E) landlord's liens;

(vii) Any Lien which is existing on the date of authentication and delivery of Obligation No. 4 issued under this Master Indenture and is disclosed in the Mortgage or in writing to the Master Trustee; *provided, however*, that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date thereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(viii) Any Lien on pledges, gifts or grants to be received in the future, including any income derived from the investment thereof;

(ix) Any Lien on the Mortgaged Property or Gross Revenues now owned or hereafter acquired by any Member of the Obligated Group so long as such Lien is, by its terms, specifically subordinate to the security interest created pursuant to Section 3.01(a) hereof and to the lien of the Mortgage or any other mortgage securing Obligations, and *provided* that the documents creating such Lien contain prohibitions on the foreclosure of

such Lien during the pendency of any event of default thereunder except upon the prior written consent of the Master Trustee;

(x) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(xi) Any Lien securing all Obligations on a parity basis;

(xii) Liens on moneys deposited by residents, patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of care;

(xiii) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xiv) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group;

(xv) Any Lien on all or any part of the Property securing Indebtedness incurred in compliance with the provisions of clause (g) of Section 3.06 hereof;

(xvi) Any Lien securing the obligations of a Member of the Obligated Group under a Derivative Agreement which, if required by the provider of such Derivative Agreement, may be *pari passu* with the Lien on the Gross Revenues, Mortgaged Property and any other Property securing the Obligations created under this Master Indenture and the Mortgage or any other mortgage securing all Obligations on a *pari passu* basis, so long as the notional amount of all Derivative Agreements secured by such *pari passu* Lien does not at any time exceed the aggregate amount of Obligations then Outstanding and, provided, further that any Lien securing the obligation to make a termination payment to a provider of such Derivative Agreement shall be subordinate to the Lien on the Gross Revenues, Mortgaged Property and any other Property securing the Obligations created under this Master Indenture and the Mortgage or any other mortgage securing all Obligations and that no payments may be made to collateralize obligations of the Obligated Group under a Derivative Agreement or to make a termination payment, if such payment would cause the Obligated Group to fail to meet the Days' Cash on Hand requirement set forth in Section 3.08 or any Related Bond Indenture; and

(xvii) Any lien placed upon any real or tangible personal property being acquired by any Member of the Obligated Group to secure all or a portion of the purchase price thereof.

SECTION 3.06 **Limitations on Incurrence of Indebtedness.** Each Member of the Obligated Group covenants and agrees that from and after the execution and delivery of Obligation No. 4 issued pursuant to the Supplement related thereto dated as of October 1, 2020, it

will not incur any Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to paragraphs (a) through (m), inclusive, of this Section 3.06. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth as follows:

(a) Long-Term Indebtedness may be incurred if, prior to incurrence thereof, one of the following conditions is met:

(i) there is delivered to the Master Trustee

(A) an Officer's Certificate certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness (exclusive of Subordinated Indebtedness, Non-Recourse Indebtedness, and any Outstanding Long-Term Indebtedness that is to be refunded or redeemed with proceeds of the Indebtedness proposed to be incurred) and the Long-Term Indebtedness proposed to be incurred as if it had been incurred at the beginning of such Fiscal Year, for the most recent Fiscal Year preceding the date of delivery of the Officer's Certificate for which the Financial Statements are available is not less than 1.10; OR

(B) an Officer's Certificate certifying both (i) that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year was not less than 1.10 and (ii) that the projected Long-Term Debt Service Coverage Ratio is not less than 1.15 for the first full Fiscal Year following the earlier to occur of (1) the later of (a) the estimated completion of the acquisition, construction, renovation or replacement being financed with the proceeds of such additional Long-Term Indebtedness, or (b) the first full Fiscal Year following the year in which Stable Occupancy is achieved in the case of construction, renovation or replacement of independent living, assisted living, personal care or skilled nursing facilities being financed with the proceeds of such additional Long-Term Indebtedness, provided that such Stable Occupancy is projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Indebtedness, or (2) the end of the fifth full Fiscal Year following the incurrence of such Long-Term Indebtedness; provided that such certificate shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group's proposed and existing Facilities and the debt service on the Obligated Group's other existing Indebtedness during such Fiscal Year; or; or

(C) In lieu of meeting the requirements of paragraphs (i)(A) or (i)(B) above, a Consultant's report certifying that the projected Long-Term Debt Service

Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred and excluding Subordinated Indebtedness, Non-Recourse Indebtedness and any Outstanding Long-Term Indebtedness that is to be refunded or redeemed with a portion of the proceeds of the Indebtedness proposed to be incurred) is expected to be not less than 1.20 for the first full Fiscal Year following the earlier to occur of (1) the later of (a) the estimated completion of the acquisition, construction, renovation or replacement being financed with the proceeds of such additional Long-Term Indebtedness, or (b) the first full Fiscal Year following the year in which Stable Occupancy is achieved in the case of construction, renovation or replacement of independent living, assisted living, personal care or skilled nursing facilities being financed with the proceeds of such additional Long-Term Indebtedness, provided that such Stable Occupancy is projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Indebtedness, or (2) the end of the fifth full Fiscal Year following the incurrence of such Long-Term Indebtedness; provided that such report or opinion shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group's proposed and existing Facilities and the debt service on the Obligated Group's other existing Indebtedness during such Fiscal Year.

(ii) there is delivered to the Master Trustee an Officer's Certificate certifying that the principal amount of additional Long-Term Indebtedness proposed to be incurred subsequent to Long-Term Indebtedness incurred in compliance with clause (a) (i) above, if any, together with the principal amount of all other Outstanding Long-Term Indebtedness incurred pursuant to this clause (a)(ii), does not exceed 25 percent of Total Revenue for the most recent Fiscal Year for which Financial Statements are available.

(b) Long-Term Indebtedness may be incurred to refund any Outstanding Long-Term Indebtedness if, prior to the incurrence thereof, (i) the Master Trustee receives an Officer's Certificate stating that, taking into account the Long-Term Indebtedness proposed to be incurred, the existing Long-Term Indebtedness to remain Outstanding after the refunding and the refunding of the existing Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than 10 percent and (ii) the Master Trustee receives an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded will no longer be Outstanding.

(c) Long-Term Indebtedness may be incurred to complete capital improvements, if prior to the incurrence thereof there is delivered to the Master Trustee: (i) an Officer's

Certificate stating that at the time the original Long-Term Indebtedness for the Facilities to be completed was incurred the Member had reason to believe that the proceeds of such Indebtedness, together with other moneys then expected to be available, would provide sufficient moneys for the completion of such Facilities; (ii) a statement of an independent architect setting forth the amount estimated to be needed to complete the Facilities; and (iii) an Officer's Certificate stating that the proceeds of such Completion Long-Term Indebtedness to be applied to the completion of the Facilities, together with other moneys available therefor, will be in an amount not less than the amount set forth in the statement of an independent architect referred to in (ii).

(d) Short-Term Indebtedness may be incurred in the aggregate amount of 20 percent of Total Revenue for the most recent year for which Financial Statements are available.

(e) Indebtedness between Members of the Obligated Group may be incurred without limit.

(f) Put Indebtedness may be incurred if, prior to the incurrence of such Put Indebtedness, (i) the conditions described in paragraph (a)(i) or (a)(ii) of this Section 3.06 are met and (ii) a binding commitment from a bank or other financial institution exists to provide financing sufficient to pay the purchase price of such Put Indebtedness on any date on which the owner of such Put Indebtedness may demand payment thereof pursuant to the terms of such Put Indebtedness.

(g) Indebtedness in any amount which is secured by (i) a lien on Property which is not Mortgaged Property or (ii) a purchase money security interest on new or replacement equipment and fixtures.

(h) Indebtedness in any amount which is expressly subordinated in repayment to the repayment of the Obligations, provided however that payment of interest or principal on such subordinated Indebtedness shall be deferred unless (i) the Long Term Debt Service Coverage Ratio for the preceding fiscal quarter was at least 1.30, (ii) there is no deficiency in the Bond Fund or the Debt Service Reserve Fund hereunder or under any Related Bond Indenture at the time of such payment, and (iii) Days Cash on Hand would be at least 150 days after giving effect to such payment. Payments of principal and interest on subordinated Indebtedness which is not permitted to be paid pursuant to the foregoing requirements shall be deferred without accrual of additional interest expense. Subordinated Indebtedness may not be accelerated without the consent of the Master Trustee.

(i) Indebtedness secured by Accounts receivable may be incurred up to, but not in excess of, an aggregate of 20% of net Accounts receivable of the Obligated Group as reported in the audited financial statements for the preceding Fiscal Year. To the extent Accounts receivable are sold or pledged in accordance with the preceding sentence, such receivables shall be released from the Gross Revenue pledge in Section 3.01 hereof. If Accounts receivable are sold or pledged with recourse to the Obligated Group, the resulting obligations shall be

required to constitute Indebtedness subject to the applicable tests described elsewhere in this Section 3.06.

(j) Obligations may be incurred in connection with a Credit Facility issued with respect to Indebtedness incurred in accordance with any other provision set forth in this Section 3.06, provided that any Indebtedness in favor of the Credit Facility provider shall not exceed 110% of the related Indebtedness secured thereby.

(k) Qualifying Intermediate-Term Indebtedness (i) without limitation if (A) for the most recent Fiscal Year for which audited financial statements are then available, the Long-Term Debt Service Coverage Ratio was not less than 1.10 and (B) Days Cash on Hand at the end of such Fiscal Year was not less than 100 and (ii) otherwise in an amount up to 90% of the Initial Entrance Fees of prospective residents of such expansion or addition being financed with such Indebtedness from whom the Member has received a deposit of at least 10% of the projected Entrance Fee for such resident.

(l) Guaranties may be incurred provided that the requirements of subsection (a)(i) of this Section 3.06 are satisfied.

SECTION 3.07 Long-Term Debt Service Coverage Ratio. (a) Commencing with the Fiscal Year ending December 31, 2020, each Member of the Obligated Group covenants to set rates and collect charges for its Facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each December 31, based upon the Financial Statements, will not be less than 1.10; *provided, however*, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account until the earlier of (i) the first full Fiscal Year next succeeding the Fiscal Year in which Stable Occupancy was achieved or (ii) the fifth full Fiscal Year following the issuance of such Indebtedness); in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence.

(b) In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any annual period, commencing with the Fiscal Year ended December 31, 2020, is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action. Further, during the period in which the Long-Term Debt Service Coverage Ratio is less than 1.10, the Obligated Group shall furnish to the Master Trustee, on a quarterly basis within 30 days following the end of each quarter, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such 12-month period then ended.

(c) In the event management of the Corporation prepares the report required by paragraph (b) above and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period.

(d) In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so pursuant to paragraph (c) of this Section, the Master Trustee may, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Obligations, select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above.

(e) The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant pursuant to paragraph (c) or paragraph (d) of this Section. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

(f) Notwithstanding any other provisions of this Master Indenture, if the Obligated Group Members shall revise such fees, rentals, rates and other charges in conformity with the recommendations of the Management Consultant and otherwise follow the recommendations of the Management Consultant, then the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required by this Section 3.07 shall not be deemed to constitute an Event of Default hereunder; *provided, however*, that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 for a Fiscal Year may be declared by the Master Trustee to be an Event of Default but only if the amount of Days' Cash on Hand as of the last day of such Fiscal Year is less than 150. However, if as of the next succeeding December 31, the Long-Term Debt Service Coverage Ratio is less than 1.00, regardless of the amount of Days' Cash on Hand, an Event of Default may be declared by the Master Trustee.

SECTION 3.08 Days' Cash on Hand. The Obligated Group covenants that it shall maintain a Days' Cash on Hand of at least 100. Compliance with the Days' Cash on Hand shall be tested by the Obligated Group annually commencing with the period ended December 31, 2020 and on each December 31 thereafter, based on the Financial Statements. If the Days' Cash on Hand is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calculation date

explaining in detail the reasons for failing to meet the Days' Cash on Hand and recommending corrective action. If the Days' Cash on Hand is not met in the next annual period after the delivery of such report, a report of a Management Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be adopted.

The failure of the Obligated Group to maintain the Days' Cash on Hand required by this Section 3.08 shall not be deemed to constitute a Default or Event of Default hereunder, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in this Section 3.08 in preparing and implementing a report and plan for correcting such a failure; *provided* that failure to provide a Management Consultant's report as described above or to implement its recommendations shall constitute an Event of Default hereunder. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

SECTION 3.09 Transfers of Facility Property and Equipment: Transfers of Cash and Investments.

(a) The Obligated Group agrees that it will not Transfer in any Fiscal Year Facility Property and Equipment except for Transfers:

- (i) to another Member of the Obligated Group, without limit;
- (ii) to any Person of leases, rights, privileges or licenses no longer used or, in the judgment of the Obligated Group, useful in the conduct of its business;
- (iii) to any Person of tangible Facility Property and Equipment in any Fiscal Year if the Net Book Value of such Facility Property and Equipment does not exceed (A) 5 percent of the net property and equipment as shown on the Financial Statements for the most recent Fiscal Year for which such Financial Statements are available and (B) 10 percent of the average of the net property and equipment, as shown on the Financial Statements for the three most recent Fiscal Years for which such Financial Statements are available;
- (iv) other than Transfers pursuant to (a)(i),(ii) or (iii) above, to any Person the Facilities, Property and Equipment may be sold, leased, donated, transferred or otherwise disposed of as long as such Transfer does not, for any Fiscal Year, exceed 5% of the total Book Value of all Facilities, Property and Equipment of the Obligated Group as of the most recent Fiscal Year end; provided, however, that Days' Cash on Hand shall not be less than the required amount after giving effect to such sale, lease, donation, Transfer or other disposition of assets; provided, further, if the historical Long Term Debt Service Requirement is not less than 1.10:1, the foregoing percentage of the total Book Value may be increased as follows under the following conditions: (i) to 7.5%;

provided, however, Days' Cash on Hand shall not be less than 150 after the effect of such sale, lease, donation, transfer or other disposition of assets; or (ii) to 10%; provided, however, Days' Cash on Hand shall not be less than 200 after the effect of such sale, lease, donation, transfer or other disposition of assets.

(v) in addition to the Transfers permitted by clauses (i) to (iv), inclusive, of this paragraph, and subject to the terms of the Mortgage and the terms of any other mortgage securing an Obligation which permit the release of a parcel or interest in land constituting part of the Mortgaged Property from the lien and security of such deed of trust or mortgage, to any Person of real property or Equipment for the fair market value thereof; *provided*, that (A) the proceeds of such Transfer are used to purchase additional real property which, if functionally related to, and operated on an integrated basis with, the Facilities then constituting a part of the Mortgaged Property, shall be subjected to the Lien of the Mortgage or the Lien of any other mortgage securing Obligations, or to prepay, in whole or in part, *pro rata*, Outstanding Obligations and (B) ingress to and egress from the Mortgaged Property is not materially impaired.

(vi) Each of the Members of the Obligated Group agrees that it will not enter into any transaction, including, without limitation, the purchase, sale, lease, or exchange of Property and Equipment or the rendering of any service, with any Affiliate that is not a Member of the Obligated Group except in the ordinary course of business and pursuant to the reasonable requirements of the Member of the Obligated Group's business and upon terms found by the Governing Body of the Member of the Obligated Group to be fair and reasonable and no less favorable to the Member of the Obligated Group than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate.

(vii) The Obligated Group may in any Fiscal Year Transfer cash and investments to any Member of the Obligated Group without limit. Otherwise, Transfers of cash and investments by any Member of the Obligated Group to Persons other than the Obligated Group shall not be made (x) in excess of five percent of the total assets as shown on the Financial Statements for the most recent Fiscal Year for which such Financial Statements are available and (y) unless the Days' Cash on Hand covenant set out in Section 3.08 hereof is met as if the date of the Transfer were the date to test such compliance accounting for the Transfer as through such Transfer has occurred. The Obligated Group also may Transfer cash and investments to secure Indebtedness so long as such Transfer qualifies hereunder

(b) Notwithstanding the foregoing provisions, nothing in this Section shall be construed as limiting the ability of any Member of the Obligated Group to (i) pay its expenses of operation, including state and local taxes or payments in lieu of such taxes, (ii) purchase or sell Property (other than Property and Equipment used in the operation of the Facilities) in the ordinary course of business (iii) Transfer cash, securities and other investment properties in connection with ordinary investment transactions and payment for goods and services

provided where such purchases, sales and Transfers are for substantially equivalent value; or (iv) be used to invest the Obligated Group's funds on arms' length terms.

SECTION 3.10 Consolidation, Merger, Sale or Conveyance.

(a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person that is not a Member of the Obligated Group unless:

(i) the Obligated Group Representative has delivered to the Master Trustee an Officer's Certificate or an Opinion of Counsel to the effect that either a Member of the Obligated Group will be the successor corporation or, if the successor corporation is not a Member of the Obligated Group, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor corporation (which successor corporation shall be an organization described under Section 501(c)(3) of the Code) (A) to become a Member of the Obligated Group and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member of the Obligated Group, including the security interest provided for in Section 3.01(a) of this Master Indenture and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (B) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due;

(ii) the Obligated Group Representative has delivered to the Master Trustee an Officer's Certificate stating that the successor corporation has met all licensing requirements necessary for the operation of any Facilities and shall be qualified to do business in the State or shall consent to service of process in the State;

(iii) the Obligated Group Representative has delivered to the Master Trustee (A) an Officer's Certificate demonstrating and concluding that if such transaction had taken place on the first day of the last Fiscal Year for which Financial Statements are available, the Long-Term Debt Service Coverage Ratio for such Fiscal Year would have been at least 1.35 and the Days' Cash on Hand would have been at least 100 or (B) a report of a Consultant stating that for the next two Fiscal Years, the Long-Term Debt Service Coverage Ratio is forecasted to be at least 1.35 and the Days' Cash on Hand is forecasted to be at least 100; *provided, however*, a Member of the Obligated Group may enter into any such consolidation, merger, sale or conveyance, and a new Member of the Obligated Group may be admitted without delivering the documents referred to in clauses (A) and (B) above, if the Master Trustee receives an Officer's Certificate stating that if such transaction had taken place at the beginning of the last Fiscal Year for which Financial

Statements are available, the Long-Term Debt Service Coverage Ratio for the surviving or transferee corporation in a merger or the like or for a new Member of the Obligated Group (calculated by assuming that (C) any new indebtedness which is proposed to be incurred in connection with the proposed transaction had been incurred and (D) any indebtedness which is proposed to be terminated or paid following such transaction had been paid and discharged) would have a Long-Term Debt Service Coverage Ratio of the Obligated Group of at least 1.35 and a Days' Cash on Hand of at least 100 for the Fiscal Year immediately preceding the proposed transaction; and

(iv) if all amounts due or to become due on any Related Bond, the interest on which is not includable in the gross income of the holder thereof for purposes of federal income taxation, have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exclusion from gross income for purposes of federal income taxation of interest payable on such Related Bond.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member of the Obligated Group pursuant to Section 3.12 hereof, as the case may be. Such successor corporation thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor corporation and subject to all the terms, conditions and limitations in this Master Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor corporation hereunder shall in all respects have the same security position and benefit under this Master Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Obligations had been issued hereunder 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 accept an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI of this Master Indenture and of this Section to join in the execution of any instrument required to be executed and delivered by this Section.

SECTION 3.11 Filing of Financial Statements, Certificate of No Default and Other Information. The Obligated Group covenants that it will:

(a) Within 30 days after receipt of the audit report mentioned below but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee a copy of the Financial Statements of the Obligated Group as of the end of such Fiscal Year accompanied by the opinion of an Accountant.

(b) Within 30 days after receipt of the audit report mentioned above but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio and the Days' Cash on Hand for such Fiscal Year and (in the case of the Officer's Certificate) stating whether, to the best of the knowledge of the signer of such Officer's Certificate, any Member of the Obligated Group is not in compliance with any covenant contained in this Master Indenture and, if so, specifying each such failure to comply of which the signer may have knowledge and the steps that are being taken by the Obligated Group to cure such non-compliance.

(c) Within (i) 45 days after the close of the first three fiscal quarters and (ii) 60 days, in the case of the final fiscal quarter of each Fiscal Year, file with the Master Trustee quarterly unaudited consolidated statements of the Obligated Group's operations including a balance sheet, (showing consolidated financial results for each member of the Obligated Group), statement of operations, statement of changes in net assets, and statement of cash flows for the most recent quarter ended in year-to-date for the current fiscal year, and comparing budgeted to actual operations, including consolidating statement showing the financial results for each member of the Obligated Group.

(d) Within 30 days prior to the start of each Fiscal Year, the Obligated Group representative shall file or cause to be filed with the Master Trustee the annual budget for each Member of the Obligated Group. Material amendments thereto shall be filed within 45 days after the approval of the Governing Body

(e) Within 45 days of the end of each fiscal quarter (60 days, in the case of the final fiscal quarter of each Fiscal Year), the Obligated Group Representative shall file or cause to be filed with the Master Trustee occupancy reports indicating the actual occupancy of the Facilities of the Obligated Group as a percentage of capacity.

(f) Promptly upon the occurrence of any material event as to which notice is required to be reported pursuant to Securities and Exchange Commission Rule 15c2-12 to nationally recognized municipal securities information repositories shall be filed therewith and with the Master Trustee.

(g) Within 45 days of the end of each fiscal quarter, the Obligated Group Representative shall certify compliance by all Members of the Obligated Group with the covenants, agreements and obligations under this Master Indenture.

(h) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs, including those of any Member of the Obligated Group, as the Master Trustee may from time to time reasonably request, excluding, specifically, donor records, patient records, personnel records and records subject to attorney-client privilege and (ii) provide access to the Facilities, Gross Revenues, Facility Property and Equipment, and the Mortgaged Property for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(i) Unless required to be delivered at an earlier time, within 30 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Indenture requires to be prepared by a Management Consultant or an Insurance Consultant.

(j) Within 30 days after the beginning of each Fiscal Year, file with the Master Trustee an Opinion of Counsel which shall state whether there are required to be filed in any office within the period of 12 full consecutive calendar months following the date of such Opinion of Counsel financing statements, including continuation statements, in order to continue the perfection of the security interests granted hereunder. In giving this Opinion of Counsel, counsel may rely on an Officer's Certificate of an Obligated Group Representative stating whether any transaction contemplated under this Article has occurred within the period of 12 full consecutive calendar months preceding the date of such Officer's Certificate or is expected to occur within the period of 12 full consecutive calendar months following the date of such Officer's Certificate.

SECTION 3.12 Parties Becoming Members of the Obligated Group. Persons which are not Members of the Obligated Group may, with the prior written consent of the current Members of the Obligated Group, become Members of the Obligated Group, if:

(a) The Person which is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an instrument containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby become subject, jointly and severally with all Members of the Obligated Group, to compliance with all provisions of this Master Indenture pertaining to a Member of the Obligated Group, including the security interest provided for in Section 3.01(a) of this Master Indenture and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (ii) unconditionally and irrevocably agreeing with the Master Trustee

and each other Member of the Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Indenture when due, on a joint and several basis.

(b) Each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section, shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that such instrument has been duly authorized, executed and delivered by such Person and constitutes a valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors' rights generally, equity principles and laws dealing with fraudulent conveyances.

(c) There shall be filed with the Master Trustee either (i) an Officer's Certificate demonstrating and concluding that if such transaction had taken place on the first day of the last Fiscal Year for which audited Financial Statements are available, the Long-Term Debt Service Coverage Ratio for each of such Fiscal Years would have been at least 1.35 and the Days' Cash on Hand would have been at least 100 or (ii) a report of a Management Consultant to the effect that the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years immediately succeeding the date of such action will be at least 1.35 and the Days' Cash on Hand will be at least 100; *provided, however*, that a Member of the Obligated Group may enter into any such merger, consolidation or transfer, and a new member of the Obligated Group may be admitted without delivering the documents referred to in clauses (i) and (ii) above, if the Master Trustee receives an Officer's Certificate stating that if such transaction had taken place at the beginning of the last Fiscal Year for which audited Financial Statements are available, the Long-Term Debt Service Coverage Ratio for the Obligated Group, including the surviving or transferee corporation in a merger (but excluding the transferor corporation in a merger) or for such new member of the Obligated Group (calculated by assuming that (x) any new indebtedness which is proposed to be incurred in connection with the proposed transaction had been incurred and (y) any indebtedness which is proposed to be terminated or paid following such transaction had been discharged), would have a Long-Term Debt Service Coverage Ratio of 1.35 and Days' Cash on Hand of at least 100 for the Fiscal Year immediately preceding the proposed transaction.

(d) If all amounts due or to become due on any Related Bond, the interest on which is not includable in the gross income of the holder thereof for purposes of federal income taxation, have not been fully paid to the holder thereof, there shall be filed with the Master Trustee, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the admission of such Person to the Obligated Group would not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest on any such tax-exempt Related Bond.

SECTION 3.13 Withdrawal from the Obligated Group. (a) The Corporation shall not withdraw from the Obligated Group. No other Member of the Obligated Group may

withdraw from the Obligated Group unless, prior to the taking of such action, there is delivered to the Master Trustee:

(i) An Officer's Certificate demonstrating and concluding that if such withdrawal had taken place on the first day of the last Fiscal Year for which Financial Statements were available, the Long-Term Debt Service Coverage Ratio for such Fiscal Year would have been at least 1.35 and the Days' Cash on Hand would have been at least 100; or

(ii) The report of a Management Consultant to the effect that the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years immediately succeeding the date of such action is forecasted to be greater than 1.35 and the Days' Cash on Hand will be at least 100.

Notwithstanding the provisions of subparagraphs (i) and (ii) above, a Member of the Obligated Group (other than the Corporation) may withdraw therefrom without delivering the documentation referred to therein if the Master Trustee receives an Officer's Certificate showing that either (x) the Long-Term Debt Service Coverage Ratio for such Member of the Obligated Group (calculated by eliminating all financial transactions with other Members of the Obligated Group) would have been less than 1.00, or (y) if the proposed withdrawal had been made on the first day of the last Fiscal Year for which Financial Statements are available, and after giving effect to the prepayment of any Indebtedness to be retired in connection with the proposed withdrawal, the Long-Term Debt Service Coverage Ratio and Days' Cash on Hand for the Obligated Group for such Fiscal Year (calculated as described above) would have been at least equal to the actual Long-Term Debt Service Coverage Ratio and the Days' Cash on Hand for the Obligated Group for such Fiscal Year.

(b) Upon the withdrawal of any Member from the Obligated Group pursuant to subsection (a) of this Section, all liability of such Member of the Obligated Group with respect to all Obligations Outstanding under this Master Indenture shall cease, any Guaranty by such Member of the Obligated Group pursuant to Section 3.12 of this Master Indenture shall be released and discharged in full, the Master Trustee and the mortgagee shall execute and deliver to such Member of the Obligated Group a release of the Mortgage given by such Member of the Obligated Group, and the Master Trustee shall execute and deliver to such Member of the Obligated Group all UCC-3 termination statements necessary to terminate the security interest in the Gross Revenues of such Member of the Obligated Group pursuant to Section 3.01 of this Master Indenture.

SECTION 3.14 After Acquired, Replacement or Substituted Real Property. In the event any Obligation is issued pursuant to this Master Indenture to acquire or finance real property, the Member of the Obligated Group acquiring or financing such real property covenants and agrees that it shall cause to be recorded in the real property records of the county in which such real property is located either a mortgage, for the benefit of the Master Trustee,

containing a description of the real property being acquired or financed and securing all Obligations on a *pari passu* basis.

SECTION 3.15 Investor Calls. Upon any downgrade by a Rating Agency of the Corporation's rating on the Related Bonds to a rating of below BBB-, the Obligated Group shall use its best efforts to make available one or more representatives for an annual investor call with the holders of Related Bonds and the Master Trustee during any period during which the rating is below BBB-. The investor call shall be held to discuss the financial results of the preceding period and such other matters as are relevant or are reasonably requested by the holders of Related Bonds and the Master Trustee. The Obligated Group shall post notice of such calls on the EMMA web-site at least two weeks prior to the scheduled date of each call, and shall provide such notice to the Master Trustee.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

SECTION 4.01 Events of Default. Event of Default, as used herein, shall mean any of the following events:

(a) The Members of the Obligated Group shall fail to make any payment of the principal of, the redemption premium, if any, or interest on any Obligation issued and Outstanding hereunder when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of this Master Indenture or of any Supplement;

(b) Any Member of the Obligated Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Indenture or under any Supplement, other than as described in Section 4.01(a) hereof, for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members of the Obligated Group by the Master Trustee, or to the Members of the Obligated Group and the Master Trustee by the Holders of at least 25 percent in aggregate principal amount of Obligations then Outstanding; *provided, however*, that if said failure be such that it cannot be corrected within 30 days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected within one year after the receipt of such notice;

(c) An event of default shall occur under the Mortgage, any other mortgage securing Obligations, or a Related Bond Indenture or upon a Related Bond;

(d) Any Member of the Obligated Group shall fail to make any required payment with respect to any Indebtedness (other than Obligations issued and Outstanding hereunder),

whether such Indebtedness now exists or shall hereafter be incurred, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be incurred, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; *provided, however*, that such default shall not constitute an Event of Default within the meaning of this Section if within 30 days (i) written notice is delivered to the Master Trustee, signed by the Obligated Group Representative, that a Member of the Obligated Group is contesting the payment of such Indebtedness and the principal amount of such Indebtedness is less than one half of one percent (0.5%) of Income Available for Debt Service for the immediately preceding Fiscal Year, or (ii) if such Indebtedness is equal to or greater than one half of one percent (0.5%) of Income Available for Debt Service for the immediately preceding Fiscal Year, within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member of the Obligated Group in good faith shall commence proceedings to contest the obligation to pay or the existence or payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member of the Obligated Group, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; and

(f) The institution by any Member of the Obligated Group of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member of the Obligated Group or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by any Member of the Obligated Group in furtherance of any such action.

SECTION 4.02 Acceleration; Annulment of Acceleration. (a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of (i) the Holders of not less than 51 percent in aggregate principal amount of Obligations Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement to require acceleration of the Obligations issued

pursuant to such Supplement, shall, by notice to the Members of the Obligated Group, declare the principal of all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other section of this Master Indenture to the contrary notwithstanding; *provided, however*, that if the terms of any Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to said Supplement, the Obligations issued pursuant to such Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Supplement. In the event Obligations are accelerated there shall be due and payable on such Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, interest which accrues thereon to the date of payment.

(b) At any time after the principal of the Obligations shall have been so declared to be immediately due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest and all principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied, then the Master Trustee may, and upon the written request of Holders of not less than a majority in aggregate principal amount of the Obligations Outstanding shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 4.03 Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than 51 percent in aggregate principal amount of the Obligations Outstanding, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;
- (ii) Suit upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders;

(v) Enforcement of its rights as a secured party under the Uniform Commercial Code of the State;

(vi) Enforcement of any other right of the Holders conferred by law or hereby; and

(vii) Enforcement of any of its rights as beneficiary under the Mortgage or any other mortgage securing Obligations.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of the Holders not making such request.

SECTION 4.04 Application of Gross Revenues and Other Moneys after Default.

During the continuance of an Event of Default, all Gross Revenues and other moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article or Section 3.01(d) herein, after payment of (i) the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances incurred or made by the Master Trustee with respect thereto and all other fees and expenses of the Master Trustee under this Master Indenture and (ii) in the sole discretion of the Master Trustee, the payment of the expenses of operating any Member of the Obligated Group, shall be applied as follows:

(a) Unless the principal of all Outstanding Obligations shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid or provided for, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, their respective successors, or as a court of competent jurisdiction may direct.

SECTION 4.05 Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition

to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

SECTION 4.06 Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders.

SECTION 4.07 Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of any Holders not joining in such direction and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Holders.

SECTION 4.08 Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee, the Members of the Obligated Group and the Holders shall continue as if no such proceeding had been taken.

SECTION 4.09 Waiver of Event of Default. (a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, shall waive any Event of Default hereunder and its consequences; *provided, however*, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

SECTION 4.10 Appointment of Receiver. Upon the occurrence of any Event of Default, unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Upon the occurrence of an Event of Default, each Member of the Obligated Group, respectively, hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Master Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 4.11 Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

SECTION 4.12 Notice of Default. Promptly after obtaining knowledge of any Event of Default, each Member of the Obligated Group shall deliver to the Master Trustee, a written notice specifying the nature and period of existence of such Event of Default and the action the Obligated Group is taking and proposes to take with respect thereto.

The Master Trustee shall, within 30 days after it has knowledge of the occurrence of an Event of Default, mail to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of, redemption premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, 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 or any responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

For purposes of this Article IV, the Master Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless an officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is an Event of Default is received by the Master Trustee and such notice references this Master Indenture.

ARTICLE V

THE MASTER TRUSTEE

SECTION 5.01 Certain Duties and Responsibilities. (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 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 certificates or opinions furnished to the Master Trustee and conforming to the requirements as to form of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements as to form of this Master Indenture.

(c) In case an 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 prudent person would exercise or use under the circumstances in the management of his own affairs.

(d) 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:

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

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer, controller or any other officer or employee of the Master Trustee customarily performing functions similar to those performed by any of the above designated officers or with respect to a particular matter, any other officer or employee to whom such matter is referred because of his knowledge of and familiarity with the particular subject, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) 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 a majority in principal amount of the Outstanding 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, except under the circumstances set forth in subsection (c) of Section 4.09 hereof requiring the consent of the Holders of all the Obligations at the time Outstanding; and

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

(e) 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 5.02 **Certain Rights of Master Trustee.** Except as otherwise provided in Section 5.01:

(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, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction or statement of any Member of the Obligated Group mentioned herein shall be sufficiently evidenced by an Officer's Certificate and any action of the Governing Body may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Member of the Obligated Group to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(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. If the provisions hereof require an Officer's Certificate to "demonstrate and conclude" that a financial covenant is met, the Master Trustee shall be responsible for determining that such certificate states that the covenant is met.

(d) The Master Trustee may consult with counsel or independent auditor and the written advice of such counsel or independent auditor 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 whether on its own motion or at the request or direction of any of the Holders pursuant to this Master Indenture which shall be in the opinion of the Master Trustee likely to involve expense or liability not otherwise provided for herein, unless one or more Holders or such Holders making such request shall have offered and furnished to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction or otherwise in connection herewith.

(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, bond, note 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 any Member of the Obligated Group, 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.

No permissive right of the Master Trustee hereunder, including the authority to enter into Supplements or take other actions, shall be construed as a duty, and the Master Trustee shall be under no obligations to take any such action or exercise any such right.

SECTION 5.03 Right to Deal in Obligations and Related Bonds. The Master Trustee may in good faith buy, sell or hold and deal in any Obligations and Related Bonds with like effect as if it were not such Master Trustee and may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with like effect as if the Master Trustee were not the Master Trustee.

SECTION 5.04 Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, by an instrument in writing signed by the Obligated Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed by the Obligated Group Representative or the Holders at the direction of the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. In the event a successor Master Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least One Hundred Million Dollars (\$100,000,000), if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor, except for such predecessor's rights under Section 5.05 hereof. The

predecessor Master Trustee shall, after payment of all amounts owed to it, execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder.

SECTION 5.05 Compensation and Reimbursement. Each Member of the Obligated Group agrees:

(a) To pay the Master Trustee reasonable compensation for all services rendered by it hereunder as set forth in an agreement between the Master Trustee and the Obligated Group.

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee, including fees on collection and enforcement, in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the 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 5.06 Recitals and Representations. The recitals, statements and representations contained herein, or in any Obligation (excluding the Master Trustee's authentication on the Obligations) shall be taken and construed as made by and on the part of the Members of the Obligated Group, respectively, and not by the Master Trustee, and the Master Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations. The Master Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or

receipt by the Master Trustee of written notice of a default or an Event of Default from a Member of the Obligated Group or any Holder.

SECTION 5.07 Separate or Co-Master Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least 51 percent in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section. If no Event of Default shall have occurred and be continuing, any co-trustee or separate trustee appointed pursuant to this Section shall be subject to the written approval of the Obligated Group, evidenced by an instrument in writing signed by the Obligated Group Representative.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or by the Master Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members of the Obligated Group shall join with the

Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee or any paying agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder, nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Master Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its or his attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

ARTICLE VI

SUPPLEMENTS AND AMENDMENTS

SECTION 6.01 Supplements Not Requiring Consent of Holders. Each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein which shall not materially and adversely affect the interests of the Holders.

(b) To correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder and which shall not materially and adversely affect the interests of the Holders.

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a) hereof.

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(e) To create and provide for the issuance of Obligations as permitted hereunder.

(f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.10 hereof.

(g) To comply with the provisions of any federal or state securities law.

SECTION 6.02 Supplements Requiring Consent of Holders.

(a) Other than Supplements referred to in Section 6.01 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; *provided, however*, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and 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;

(ii) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding.

Notwithstanding the provisions in this Section 6.02(a) as set forth in (i), (ii), and (iii) above, after Obligation No. 2 is no longer outstanding, the following provision shall apply on and after an Event of Default hereunder.

If an Event of Default under this Master Indenture occurs, there may be a Supplement to the Master Indenture which would (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and 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, (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holder of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding provided that the Master Trustee receives 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 of 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 Supplement described in (i) through (iii) above shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or if it has no secretary, its comparable officer, and the proposed Supplement, the Master Trustee shall, at the expense of the Obligated Group, cause notice of the proposed execution of such Supplement to be mailed, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the principal corporate trust office of the Master Trustee for inspection by all Holders. The Master Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplement when approved and consented to as provided in this Section. If, following such notice, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may

execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signer of such revocation in the manner permitted by Section 8.01 of this Master Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or 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 Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 6.03 Execution and Effect of Supplements. (a) In executing any Supplement permitted by this Article, the Master Trustee shall be entitled to request, receive and to rely upon an Opinion of Counsel to the effect that the execution of such Supplement is authorized or permitted hereby and that all conditions precedent thereto have been satisfied. The Master Trustee may, but shall not be obligated to, enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such Obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any Obligations then Outstanding or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any

such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

ARTICLE VII

SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 7.01 Satisfaction and Discharge of Indenture. If (a) the Obligated Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (b) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (c) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Members of the Obligated Group or any thereof, then this Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group, and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture. Each Member of the Obligated Group, respectively, hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter properly incurred by the Master Trustee in connection with this Master Indenture or such Obligations.

SECTION 7.02 Payment of Obligations after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein.

ARTICLE VIII

CONCERNING THE HOLDERS

SECTION 8.01 Evidence of Acts of Holders. (a) In the event that any request, direction or consent is requested or permitted hereunder of the Holders, the registered owners of Related Bonds then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds then outstanding.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members of the Obligated Group, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(h) Nothing in this Section shall be construed as limiting the Master Trustee to the proof herein specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(i) Any action taken or suffered by the Master Trustee pursuant to any provision hereof upon the request or with the assent of any Person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

SECTION 8.02 Obligations or Related Bonds Owned by Members of Obligated Group. In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Obligations or Related Bonds that are owned by any Member of the Obligated Group or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Obligations or Related Bonds which the Trustee has actual notice or knowledge are so owned shall be so disregarded. Obligations or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Obligations or

Related Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

SECTION 8.03 Instruments Executed by Holders Bind Future Holders. At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such an Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.01, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member of the Obligated Group, the Master Trustee and the Holders of all of such Obligations or Related Bonds.

ARTICLE IX

MISCELLANEOUS PROVISIONS

SECTION 9.01 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations issued hereunder is intended or shall be construed to give to any Person other than each Member of the Obligated Group, the Master Trustee, and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

SECTION 9.02 Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

SECTION 9.03 **Holidays.** Except to the extent a Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

SECTION 9.04 **Governing Law.** This Master Indenture is a contract made under the laws of the State and shall be governed by and construed in accordance with such laws.

SECTION 9.05 **Counterparts.** This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

SECTION 9.06 **Immunity of Individuals.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Member of the Obligated Group, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder.

SECTION 9.07 **Binding Effect.** This instrument shall inure to the benefit of and shall be binding upon each Member of the Obligated Group, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

SECTION 9.08 **Notices.** (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(i) If to any Member of the Obligated Group, addressed to such Member, c/o John Knox Village of Florida, Inc. at its principal place of business, which on the date hereof is: 651 S.W. 6th Street, Pompano Beach, Florida 33060, Attention: President/Chief Executive Officer and Chief Financial Officer.

(ii) If to the Master Trustee, addressed to it at U.S. Bank National Association, 500 W. Cypress Creek Road, Suite 560, Fort Lauderdale, Florida, 33309, Attention: Corporate Trust Department.

(iii) If to any Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the Holders designate a different address or addresses for notice hereunder.

(c) The Master Trustee shall promptly furnish to all Holders any notices or reports it receives from any Member of the Obligated Group.

[Remainder of Page Intentionally Left Blank | Signature Page Follows]

IN WITNESS WHEREOF, the Members of the Obligated Group have caused these presents to be signed in their respective names and on their behalf by their duly authorized officer and to evidence their acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all of as of the day and year first above written.

JOHN KNOX VILLAGE OF FLORIDA, INC.

By: _____
Name: Gerald S. Stryker
Title: Chief Executive Officer

ATTEST:

By: _____
Name: William Pickhardt
Title: Vice President

[Signature Page | Composite Amended and Restated Master Trust Indenture]

U.S. BANK NATIONAL ASSOCIATION, as
Master Trustee

By: _____
Name: Robert Hedgecock
Title: Assistant Vice President

[Signature Page | Composite Amended and Restated Master Trust Indenture]

**SUPPLEMENTAL INDENTURE FOR
OBLIGATION NO. 5 AND OBLIGATION NO. 6**

by and between

JOHN KNOX VILLAGE OF FLORIDA, INC.

and

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

Dated as of December 1, 2021

**Supplementing the
Composite Amended and Restated Master Trust Indenture
Dated as of October 1, 2020**

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THIS SUPPLEMENTAL INDENTURE FOR OBLIGATION NO. 5 AND OBLIGATION NO. 6, made and entered into as of the 1st day of December, 2021 (this "Supplement No. 5 and No. 6"), by and between JOHN KNOX VILLAGE OF FLORIDA, INC. (the "Corporation" and together with any additions to or as adjusted by any withdrawals from the Obligated Group as permitted pursuant to the Master Indenture defined below, the "Obligated Group"), a Florida not-for-profit corporation, and its legal successors, and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly incorporated and existing under the laws of the United States of America, as master trustee (the "Master Trustee") is being entered into pursuant to the Composite Amended and Restated Master Trust Indenture, dated as of October 1, 2020, as amended (the "Master Indenture"), by and between the Master Trustee and the Obligated Group.

WITNESSETH:

WHEREAS, upon the previous issuance of Obligation No. 4 by the Obligated Group, the Amended and Restated Master Trust Indenture dated as of December 1, 2010, as amended, was replaced in its entirety by the Composite Amended and Restated Master Trust Indenture, dated as of October 1, 2020, by and between the Obligated Group and the Master Trustee as set forth in and provided for in the Second Amendment to Amended and Restated Master Trust Indenture dated as of October 1, 2020; and

WHEREAS, the Corporation has entered into such Master Indenture which provides for the issuance by any Member of the Obligated Group of Obligations thereunder, upon such Member of the Obligated Group and the Master Trustee entering into an indenture supplemental to the Master Indenture to issue such Obligations; and

WHEREAS, the Corporation desires to issue Obligation No. 5 and Obligation No. 6 hereunder to evidence and secure its obligations arising from the lending to the Corporation by the City of Pompano Beach, Florida (the "Issuer") of the proceeds of the Issuer's Revenue Bonds (John Knox Village of Florida, Inc. Project), Series 2021A (the "Series 2021A Bonds"), the Issuer's Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1 (the "Series 2021B-1 Bonds") and the Issuer's Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2 (the "Series 2021B-2 Bonds" and together with the Series 2021B-1 Bonds, the "Series 2021B Bonds") (collectively, the "Related Bonds") pursuant to a Loan Agreement, dated as of December 1, 2021 (as amended, modified supplemented or restated from time to time in accordance with its terms, the "Loan Agreement"), by and between the Corporation and the Issuer; and

WHEREAS, all acts and things necessary to constitute this Supplement No. 5 and No. 6 a valid indenture and agreement according to its terms have been done and performed, and the Corporation, being the sole Member of the Obligated Group and the Obligated Group Representative duly authorized the execution and delivery hereof and of Obligation No. 5 and Obligation No. 6;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligation No. 5 or Obligation No. 6 by the holder thereof, the Obligated Group covenants and agrees with the Master Trustee, for the benefit of the holders from time to time of Obligation No. 5 or Obligation No. 6, as follows:

Section 1. Definitions. For the purposes hereof, unless the context otherwise indicates (a) all terms used herein which are defined in the Master Indenture or in the hereinafter defined the Bond Indenture shall have the meanings assigned to them in the Master Indenture or the Bond Indenture, as applicable, and (b) the following words and terms shall have the following meanings:

"Bond Indenture" means the Bond Indenture securing the Related Bonds, dated as of December 1, 2021, by and between the Issuer and the Bond Trustee, and when amended or supplemented, such Bond Indenture as amended or supplemented. The Bond Indenture constitutes a "Related Bond Indenture" as such term is used in the Master Indenture.

"Bond Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and any successor to its duties under the Bond Indenture. The Bond Trustee constitutes a "Related Bond Trustee" as such term is used in the Master Indenture.

"Chapter 651 Entrance Fee Escrow Agent" means U.S. Bank National Association., as escrow agent for the Entrance Fee Escrow Account, required to be maintained pursuant to Chapter 651, Florida Statutes, and its successors and assigns.

"Collateral" means (i) a lien, pledge and first security interest in the Obligated Group's Gross Revenues; (ii) the moneys in the funds and accounts held under the Bond Indenture; and (iii) the Mortgage.

"Closing" means the closing of the issuance of the Related Bonds.

"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, judgements, garnishments or creditors' claims against the Corporation or any claims by the Holders of the Related Bonds, or Holders of Obligations No. 5 or Obligation No. 6, 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 Seven Day Escrow Agreement relating to the Entrance Fees dated as of March 14, 1989, by and between the Corporation and the Chapter 651 Entrance Fee Escrow Agent, as amended and supplemented from time to time.

"Entrance Fee Fund" shall mean the fund created pursuant to Section 5 hereof.

"Entrance Fee Unit" means the Independent Living Units that are part of the Project and are offered for occupancy on an Entrance Fee basis.

"Initial Entrance Fee" means Entrance Fees received upon the initial occupancy of any Independent Living Unit in the Project not previously Occupied.

"Issuer" means the Issuer as defined in the preamble to this Supplement. The Issuer constitutes a "Related Bond Issuer" as such term is used in the Master Indenture.

"Loan Agreement" means the loan agreement as defined in the preamble to this Supplement.

"Master Indenture" shall have the meaning set forth in the introductory paragraph hereof.

"Master Trustee" shall have the meaning set forth in the introductory paragraph hereof.

"Obligated Group" shall have the meaning set forth in the introductory paragraph hereof.

"Obligated Group Representative" shall mean the Obligated Group Representative as defined in the Master Indenture. As of the dated date of this Bond Indenture the Corporation is the Obligated Group Representative.

"Obligation No. 5" means the Obligation issued pursuant to Section 2 hereof.

"Obligation No. 6" means the Obligation issued pursuant to Section 2 hereof.

"Occupied" shall mean, an Entrance Fee Unit for which a Residency Agreement has been executed and all related Entrance Fees have been paid.

"Project" shall be as defined in the Bond Indenture, a portion of which is comprised of the independent living complex with two towers known as "Westlake Tower" with approximately 146 Entrance Fee Units.

"Related Bonds" means the Related Bonds as defined in the preamble to this Supplement.

"Residency Agreements" means each and every contract, including without limitation any "Reservation Agreement" or "Residency Agreement", as amended from time to time, between the Corporation and a resident of the Project, giving the resident certain rights of occupancy in the Project, including, without limitation, the Independent Living Units.

"Supplement No. 5 and No. 6" means this Supplemental Indenture for Obligation No. 5 and Obligation No. 6.

Section 2. Issuance of Obligation No. 5 and Obligation No. 6. There is hereby created and authorized to be issued Obligation No. 5 in the aggregate principal amount of _____ AND NO/100 DOLLARS (\$_____) designated "John Knox Village of Florida, Inc. Obligated Group, Obligation No. 5" and Obligation No. 6 in the aggregate principal amount of _____ AND NO/100 DOLLARS (\$_____) designated "John Knox Village of Florida, Inc. Obligated Group, Obligation No. 6." Obligation No. 5 and Obligation No. 6 shall each be dated as of December 1, 2021, and shall be payable in such amounts, at such times, and in such manner, and shall have such other terms and provisions, as are set forth in the forms of Obligation No. 5 and Obligation No. 6 attached hereto as Appendix A and Appendix B respectively.

The aggregate principal amounts of Obligation No. 5 and Obligation No. 6 are limited to the amounts stated in this Section except for any Obligations authenticated and delivered in lieu of another Obligations as provided in Section 8 hereof with respect to any Obligations destroyed, lost or stolen, or, subject to the provisions of Section 7 of this Supplement No. 5 and No. 6, upon transfer of registration of Obligation No. 5 and Obligation No. 6.

Section 3. Collateral; Debt Service Reserve Fund. (a) The Obligated Group represents and warrants that it does not currently have outstanding a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Gross Revenues that ranks on a parity with or prior to the pledge granted under the Master Indenture, except to secure Obligation No. 2 and Obligation No. 4. The Obligated Group also represents and warrants that it has not described the Gross Revenues in a financing statement that will remain effective when the Related Bonds are issued, except in connection with the foregoing pledge, assignment, lien and security interest. The Obligated Group shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or secure interest in the Collateral that ranks prior to or on a parity with the pledge granted under the Master Indenture, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under the Master Indenture.

(b) The Master Trustee shall deposit \$_____ into the fund known as the "Reserve Fund-John Knox Village of Florida, Inc." established under Section 3.01(A) of the Master Indenture. No separate accounts in the Reserve Fund shall be required under this Supplement, as such Reserve Fund is held for the benefit of Obligation No. 4 and Obligation No. 5, as provided herein and in the applicable Supplement and upon such deposit the Reserve Fund shall secure the Obligation No. 5 and the Series 2021A Bonds as the Related Bonds secured thereby, together with Obligation No. 4 and any future Obligations secured thereby; in accordance with the provisions of the Master Indenture.

Upon the deposit into the Reserve Fund the amount therein is equal to the Reserve Fund Requirement on all Obligations outstanding and specified to be so entitled to the benefit of such Reserve Fund. Obligation No. 6 is not secured by the Reserve Fund.

Section 4. Payments; Credits.

(a) Principal of, interest and any applicable redemption or prepayment premium on, Obligation No. 5 or Obligation No. 6 are payable in any lawful money of the United States of America. Except as provided in subsection (b) of this Section 4 with respect to credits, and Section 6 hereof regarding prepayment, payments of the principal of, redemption or prepayment premium, if any, and interest on, Obligation No. 5 or Obligation No. 6 shall be made at the times and in the amounts specified in Obligation No. 5 or Obligation No. 6 in funds by any Member of the Obligated Group depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or the next succeeding business day if such date is a Saturday, Sunday or holiday in the city in which the designated corporate trust office of the Bond Trustee is located), and giving notice to the Master Trustee of each payment of principal, interest or premium on Obligation No. 5 or Obligation No. 6, specifying the amount paid and identifying such payment as a payment on Obligation No. 5 or Obligation No. 6.

(b) The Obligated Group shall receive credit for payment on Obligation No. 5 or Obligation No. 6, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(1) On installments of interest on Obligation No. 5 or Obligation No. 6 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay interest on the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 5 or Obligation No. 6.

(2) On installments of principal of Obligation No. 5 or Obligation No. 6 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay principal of the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 5 or Obligation No. 6.

(3) On installments of principal of and interest on Obligation No. 5 or Obligation No. 6 in an amount equal to the principal amount of and interest on Related Bonds which have been called by the Bond Trustee for redemption prior to maturity to the extent that there are sufficient amounts for the redemption of such Related Bonds in cash on deposit in the Redemption Account or the Entrance Fee Redemption Account, as applicable, created under the Bond Indenture and, to the extent specifically deposited for the redemption of such Related Bonds, on deposit in the Interest Account of the Bond Fund created under the Bond Indenture, and to the extent such amounts have not been previously credited against payments on Obligation No. 5 or Obligation No. 6. Such credits shall be made against the installments of principal of and interest on Obligation No. 5 or Obligation No. 6 which would be due, but for such call for redemption, to pay principal of and interest on such Related Bonds when due at maturity including with

respect to Obligation No. 6 or credit for and redemption of principal on the Series 2021B Bonds pursuant to transfers made by the Master Trustee hereunder for deposit by the Bond Trustee unto the Entrance Fee Redemption Account.

(4) On installments of principal of and interest on Obligation No. 5 or Obligation No. 6 in an amount equal to the principal amount of and interest on Related Bonds acquired by any Member of the Obligated Group and delivered to the Bond Trustee and cancelled or purchased by the Bond Trustee and cancelled. Such credits shall be made against the installments of principal of and interest on Obligation No. 5 or Obligation No. 6 which would be due, but for such cancellation of such Related Bonds, to pay principal of and interest on such Related Bonds when due at maturity.

Section 5. Entrance Fee Fund.

(a) The Master Trustee shall establish and maintain a new separate fund to be known as the "Entrance Fee Fund – John Knox Village of Florida, Inc. Project" (the "Entrance Fee Fund"). All moneys received by the Master Trustee and held in the Entrance Fee Fund pursuant to this Section 5 shall be trust funds under the terms of this Supplement No. 5 and No. 6 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 Supplement No. 5 and No. 6 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 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 and covenant that the Initial Entrance Fees, after being released from the escrow thereof with the Chapter 651 Entrance Fee Escrow Agent, will be transferred as set forth in this Section 5 and used first to redeem the Series 2021B-2 Bonds and the Series 2021B-1 Bonds issued under the Bond Indenture. The Obligated Group acknowledges the importance of the timely transfers of Initial Entrance Fees from the Chapter 651 Entrance Fee Escrow Agent to the Master Trustee as the proper timing of the redemption of the Series 2021B-2 Bonds and Series 2021B-1 Bonds is dependent upon the timeliness of such transfers. As such the Members of the Obligated Group hereby agree that the certificate, in the form of Appendix C hereto, shall be filed by the Corporation with the Chapter 651 Entrance Fee Escrow Agent within three (3) business days from the date that Initial Entrance Fee previously deposited therein is available by law to be released from the Entrance Fee Escrow Account, and shall further direct (as set forth in such certificate) that such released Initial Entrance Fees be transferred and submitted from the Chapter 651 Entrance Fee Escrow Agent directly to the Master Trustee.

Each such transfer shall also be accompanied by a copy of the related Entrance Fee deposit transmittal letter forwarded to the Chapter 651 Entrance Fee Escrow Agent (an "Entrance Fee Transmittal Letter"). Upon such release of the Initial Entrance Fee from the Entrance Fee Escrow Account such monies shall be transferred to the Master Trustee by the Chapter 651 Entrance Fee Escrow Agent.

On each March 15, June 15, September 15 and December 15 (or, if such day is not a Business Day, while any portion of the Series 2021B-1 Bonds or the Series 2021B-2 Bonds remain Outstanding, then on the next succeeding Business Day) (each, an "Entrance Fee Transfer Date") any amounts held in the Entrance Fee Fund shall be transferred to the Bond Trustee to be deposited to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of the Bond Indenture.

(c) 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 (as identified by the Obligated Group Representative in the certificate filed under subsection (b) above), to the Bond Trustee to the Entrance Fee Redemption Account established under Section 5.01(a)(v) of the Bond Indenture to be applied as provided in Sections 3.03(b) and 5.03(d) of 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. Amounts transferred to the Bond Trustee pursuant to this Section 5 shall be free and clear of any lien of the Master Indenture upon such transfer.

(d) After all of the Related Bonds consisting of the Series 2020B-1 Bonds and the Series 2020B-2 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 shall no longer deposit any Entrance Fees into the Entrance Fee Fund. Upon the satisfaction in full 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 held hereunder shall be closed.

Section 6. Prepayment.

(a) So long as all amounts which have become due under Obligation No. 5 and Obligation No. 6 have been paid, the Obligated Group may at any time and from time to time pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 5 and Obligation No. 6. Prepayment may be made by payments of cash and/or surrender of Related Bonds, as contemplated by Section 4 hereof. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Related Bonds) shall be deposited upon receipt in the Redemption Account created under the Bond Indenture and, at the request of and as determined by the Obligated Group, used for the redemption or purchase of Outstanding (as defined in the Bond Indenture) Related Bonds in the manner and subject to the terms and conditions set forth in the

Bond Indenture. Notwithstanding any such prepayment or surrender of Related Bonds, as long as any Related Bonds remain Outstanding (as defined in the Bond Indenture) or any additional payments required to be made hereunder remain unpaid, the Obligated Group shall not be relieved of its obligations hereunder.

(b) Prepayments made under subsection (a) of this Section 6 shall be credited against amounts to become due on Obligation No. 5 or Obligation No. 6 as provided in Section 4 hereof.

(c) The Obligated Group may also prepay all of its Indebtedness under Obligation No. 5 or Obligation No. 6 by providing for the payment of Related Bonds in accordance with Article III of the Bond Indenture.

Section 7. Registration, Numbers, Negotiability and Transfer of Obligation No. 5 or Obligation No. 6.

(a) Obligation No. 5 and Obligation No. 6 shall be registered in the name of the Bond Trustee on the register to be maintained for that purpose at the Corporate Trust Office of the Master Trustee. Except as provided in subsection (b) of this Section 7, so long as any Related Bond remains Outstanding, Obligation No. 5 and Obligation No. 6 shall consist of Obligations registered as to principal and interest in the name of the Bond Trustee, and no transfer of Obligation No. 5 or Obligation No. 6 shall be registered under this Supplement No. 5 and No. 6 except for transfers to a successor Bond Trustee.

(b) Upon the principal of all Obligations Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 5 or Obligation No. 6 may be transferred, and such transfer registered, if and to the extent the Bond Trustee requests that the restrictions of subsection (a) of this Section 6 on transfers be terminated.

(c) Obligation No. 5 or Obligation No. 6 shall be transferable only upon presentation of Obligation No. 5 or Obligation No. 6 at the Corporate Trust Office of the Master Trustee by the registered owner or by its duly authorized attorney. Such transfer shall be without charge to the owner thereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group shall execute, and the Master Trustee shall authenticate and deliver in exchange for Obligation No. 5 or Obligation No. 6, a new registered Obligation, registered in the name of the transferee.

(d) Prior to due presentment by the Holder for registration of transfer, the Obligated Group and the Master Trustee may deem and treat the person in whose name Obligation No. 5 or Obligation No. 6 is registered as the absolute Holder for all purposes; and neither the Obligated Group nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner 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 Obligation No. 5 or Obligation No. 6.

Section 8. Mutilation, Destruction, Loss and Theft of Obligation No. 5 or Obligation No. 6. If (a) Obligation No. 5 or Obligation No. 6 is surrendered to the Master Trustee in a mutilated condition, or the Obligated Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of Obligation No. 5 or Obligation No. 6 and (b) there is delivered to the Obligated Group and the Master Trustee such security or indemnity as may be required by them to hold them harmless, then, in the absence of proof satisfactory to the Obligated Group Representative and the Master Trustee that Obligation No. 5 or Obligation No. 6 have been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Obligated Group and the Master Trustee, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated Obligation No. 5 or Obligation No. 6, a new Obligation No. 5 or Obligation No. 6 of like principal amount, date and tenor. Every mutilated Obligation No. 5 or Obligation No. 6 so surrendered to the Master Trustee shall be cancelled by it and delivered to, or upon the order of, the Obligated Group Representative. If any such mutilated, destroyed, lost or stolen Obligation No. 5 or Obligation No. 6 have become or is about to become due and payable, Obligation No. 5 or Obligation No. 6 may be paid when due instead of delivering a new Obligation No. 5 or Obligation No. 6.

Section 9. Execution and Authentication of Obligation No. 5 or Obligation No. 6. Obligation No. 5 and Obligation No. 6 shall be manually executed for and on behalf of the Obligated Group by the President, Chief Executive Officer, Executive Vice President, Chief Financial Officer, Treasurer or any Vice President of the Corporation acting in its capacity as the Obligated Group Representative. If any officer whose signature appears on Obligation No. 5 or Obligation No. 6 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Obligation No. 5 or Obligation No. 6 shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication Obligation No. 5 and Obligation No. 6 shall not be entitled to the benefits hereof.

Section 10. Right to Redeem. Obligation No. 5 and Obligation No. 6 shall be subject to redemption, in whole or in part, at any time prior to the maturity, in an amount equal to the principal amount of any Related Bond (i) called for redemption pursuant to the Bond Indenture or (ii) purchased for cancellation by the Bond Trustee. Obligation No. 5 and Obligation No. 6 shall be subject to redemption on the date any Related Bond shall be so redeemed or purchased, and in the manner provided herein. Redemption of the Series 2021B-1 Bonds from funds in the Entrance Fee Redemption Account established under the Bond indenture shall not begin until the Series 2021B-2 Bonds are paid in full.

Section 11. Partial Redemption of Obligation No. 5 and Obligation No. 6. Upon the call for redemption and the surrender of Obligation No. 5 or Obligation No. 6 for redemption in part only, the Obligated Group shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Obligated Group, a new Obligation No. 5 or Obligation No. 6 in principal amount equal to the unredeemed portion of Obligation No. 5 or Obligation No. 6 which old Obligation No. 5

or Obligation No. 6 so surrendered to the Master Trustee pursuant to this Section 11 shall be cancelled by it and delivered to, or upon the order of, the Obligated Group.

The Obligated Group may agree with the Holder of Obligation No. 5 or Obligation No. 6 that such Holder may, in lieu of surrendering Obligation No. 5 or Obligation No. 6 for a new fully registered Obligation No. 5 or Obligation No. 6 endorse on Obligation No. 5 or Obligation No. 6 a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the Holder of Obligation No. 5 or Obligation No. 6, and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 5 or Obligation No. 6 by the Holder thereof and irrespective of any error or omission in such endorsement.

Section 12. Effect of Call for Redemption. On the date designated for redemption of Related Bonds, Obligation No. 5 or Obligation No. 6, as applicable shall become and be due and payable in an amount equal to the redemption or purchase price to be paid by the Obligated Group on the Related Bonds on such date. If on the date fixed for redemption of Obligation No. 5 or Obligation No. 6, moneys for payment of the redemption or purchase price and accrued interest on the Related Bonds are held by the Bond Trustee or escrowed in irrevocable trust with an escrow agent, interest on Obligation No. 5 or Obligation No. 6 shall cease to accrue and Obligation No. 5 or Obligation No. 6 shall cease to be entitled to any benefit or security under the Master Indenture to the extent of said redemption and the amount of Obligation No. 5 or Obligation No. 6 so called for redemption shall be deemed paid and no longer Outstanding.

Section 13. Discharge of Supplement. Upon surrender of Obligation No. 5 and/or Obligation No. 6 to the Master Trustee, or upon payment by the Obligated Group of a sum, in cash or Government Obligations, or both, sufficient, together with any other cash and Government Obligations held by the Bond Trustee or escrowed in irrevocable trust with an escrow agent, and available for such purpose, to cause all Outstanding Related Bonds to be deemed to have been paid within the meaning of Article XI of the Bond Indenture, and to pay all other amounts referred to in Article XI of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, Obligation No. 5 and Obligation No. 6 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture and this Supplement No. 5 and No. 6 shall be discharged.

Section 14. Tax-Exempt Status. The Obligated Group hereby covenants that, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, it will not take any action or fail to take any action which action or failure to act (including any action or failure to act which would result in the alteration or loss of its status as a Tax-Exempt Organization) would result in the interest payable on any Related Bond to become includable in gross income of the holder thereof for purposes of federal income taxation under the Code.

Section 15. Occupancy Covenant. Commencing with the first fiscal quarter that ends not less than 60 days following the date of issuance of the first certificate of occupancy (which is not a temporary certificate of occupancy) for the first building containing Entrance Fee Units in the Project, and ending at the beginning of 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 Entrance Fee Units in the Project (the "Percentage of Units Occupied") at or above the requirements set forth in the table below, which levels are required to be measured as of the last day of the applicable Occupancy Quarter (the "Occupancy Requirements").

Occupancy Requirements		
Occupancy Quarter	Number of Units	Percent (%)
1	15	10.2%
2	30	20.5
3	45	30.8
4	60	41.1
5	75	51.4
6	90	61.6
7	105	71.9
8	120	82.2
9 and thereafter	124	84.9

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 shall 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 in 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 in 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 three consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Corporation shall retain a Consultant to make recommendations for future marketing activities in order to achieve the Occupancy Requirement. 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 on EMMA. The Corporation shall not be required under the terms of this Section 15 to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Corporation to achieve the Occupancy Requirements for any Occupancy Quarter will not constitute an Event of Default under this Master Indenture.

The Occupancy Requirement covenant contained in this Section 15 shall be in no further force or effect upon the redemption or payment in full of the Series 2021B Bonds as Related Bonds hereunder.

Section 16. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 17. Severability. If any provision of this Supplement No. 5 and No. 6 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 Supplement No. 5 and No. 6 shall not affect the remaining portions of this Supplement No. 5 and No. 6 or any part thereto.

Section 18. Counterparts. This Supplement No. 5 and No. 6 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 19. Governing Law. This Supplement No. 5 and No. 6 shall be governed by and construed in accordance with the laws of the State of Florida.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Obligated Group has caused these presents to be signed in its name and on its behalf by a duly authorized officer of the Obligated Group Representative and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its Assistant Vice President, all as of the day and year first above written.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.,** as Obligated Group Representative

By: _____
Gerald Stryker, President and CEO

[Signature Page | Supplemental Indenture for Obligation No. 5 and Obligation No. 6]

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Assistant Vice President

[Signature Page | Supplemental Indenture for Obligation No. 5 and Obligation No. 6]

APPENDIX A TO SUPPLEMENTAL INDENTURE FOR
OBLIGATION NO. 5 AND OBLIGATION NO. 6

[FORM OF OBLIGATION NO. 5]

John Knox Village of Florida, Inc. Obligated Group
Obligation No. 5

FOR VALUE RECEIVED, John Knox Village of Florida, Inc. a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (the "Corporation", and together with any additions to or as adjusted by any withdrawals from the Obligated Group as permitted pursuant to the Master Indenture defined below, the "Obligated Group"), promises to pay to U.S. Bank National Association, in its capacity as Bond Trustee under the Bond Indenture defined below, or registered assigns, the principal sum of _____ AND NO/100 DOLLARS (\$ _____), together with (a) interest thereon at such rate or rates as in the aggregate will produce an amount equal to the total of all interest becoming due and payable on the City of Pompano Beach, Florida's (the "Related Bond Issuer") Revenue Bonds (John Knox Village of Florida, Inc. Project), Series 2021A (the "Related Bonds"), dated December __, 2021, in the aggregate principal amount of \$ _____ issued pursuant to a Bond Indenture, dated as of December 1, 2021 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Related Bond Trustee"), which is incorporated herein by reference and made a part hereof and (b) such redemption premiums and other amounts as are required to be paid by the Obligated Group to the Related Bond Issuer as part of the Obligation No. 5 Payments (as defined in the Bond Indenture) as provided in the Loan Agreement, dated as of December 1, 2021 (the "Loan Agreement"), between the Obligated Group and the Related Bond Issuer, which is incorporated herein by reference and made a part hereof.

The foregoing amounts shall be paid by means of Obligation No. 5 Payments which shall be due and payable on or before any Interest Payment Date (as defined in the Bond Indenture) for the Related Bonds or any other date that any payment of principal, premium, if any, or interest is required to be made in respect of the Related Bonds pursuant to the Bond Indenture until payment of the Related Bonds, in an amount which will enable the Related Bond Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Related Bonds as provided in the Bond Indenture.

This Obligation No. 5 is a single Obligation of the Obligated Group limited to \$ _____ in principal amount, designated as "John Knox Village of Florida, Inc. Obligated Group Obligation No. 5" ("Obligation No. 5" and, together with all other Obligations issued under the Master Trust Indenture, the "Obligations") issued under and pursuant to Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of December 1, 2025 ("Supplement No. 5 and No. 6"). Upon issuance of Obligation No. 4 the Amended and

Restated Master Trust Indenture dated as of December 1, 2010, as amended, was replaced in its entirety by the Composite Amended and Restated Master Trust Indenture, dated as of October 1, 2020 (the "Composite Master Trust Indenture"), by and between the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee") as set forth in and provided for in the Second Amendment to Amended and Restated Master Trust Indenture dated as of October 1, 2020. The Composite Master Trust Indenture, as so supplemented and amended from time to time, is hereinafter called the "Master Indenture." This Obligation No. 5, together with all other Obligations Outstanding under the Master Indenture, is equally and ratably secured by (i) the provisions of the Master Indenture and (ii) the Collateral, granting a lien of record on certain real property owned by the Obligated Group the provisions of which are incorporated herein by reference.

Principal hereof, interest hereon and any applicable redemption premium, are payable in any lawful money of the United States of America. The principal hereof, premium, if any, and interest hereon shall be payable in clearing house funds by the Obligated Group depositing the same with or to the account of the Related Bond Trustee at or prior to the opening of business on the day such payments shall become due and payable (or the next succeeding business day if such date is a Saturday, Sunday or holiday in the city in which the designated office of the Related Bond Trustee is located), and giving notice of payment to the Master Trustee as provided in the Supplement.

This Obligation No. 5 is issued for the purpose of evidencing and securing the indebtedness of the Obligated Group resulting from the lending by the Related Bond Issuer to the Obligated Group of the proceeds of the issuance and sale of the Related Bonds for the purpose of providing funds, together with other available funds, to (i) pay, reimburse, and finance the cost of the Project (as defined in the Loan Agreement), (ii) pay certain expenses incurred in connection with the authorization and issuance of the Related Bonds, and (iii) fund a debt service reserve fund securing this Obligation No. 5.

The Master Trustee shall hold the Debt Service Reserve Fund for the benefit of Obligation No. 5 as described in the Composite Master Trust Indenture and the Supplement No. 5 and No. 6, and for the benefit of certain other Obligations secured thereby.

The Obligated Group shall receive credit for payment on Obligation No. 5, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 5 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay interest on the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 5; (ii) on installments of principal on Obligation No. 5 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay principal of the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 5; (iii) on installments of principal of and interest on Obligation No. 5 in an amount equal to the principal of and interest on Related Bonds which have been called by the Related Bond Trustee for redemption prior to

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maturity to the extent that there are sufficient amounts for the redemption of such Related Bonds in cash on deposit in the Redemption Account created under the Bond Indenture and, to the extent specifically deposited for the redemption of such Related Bonds, on deposit in the Interest Account of the Bond Fund created under the Bond Indenture, and to the extent that such amounts have not previously been credited against payments on Obligation No. 5; *provided* that such credits shall be made against the installments of principal of and interest on Obligation No. 5 which would be due, but for such call for redemption, to pay principal of and interest on such Related Bonds when due at maturity; and (iv) on installments of principal of and interest on Obligation No. 5 in an amount equal to the principal amount of and interest on Related Bonds acquired by any Member of the Obligated Group and delivered to the Related Bond Trustee for cancellation or purchase by the Related Bond Trustee and cancelled; *provided* that such credits shall be made against the installments of principal of and interest on Obligation No. 5 which would be due, but for such cancellation of such Related Bonds, to pay principal of and interest on such Related Bonds when due at maturity.

Upon surrender of Obligation No. 5 to the Master Trustee, or upon payment by the Obligated Group of a sum, in cash or Government Obligations (as defined in the Bond Indenture), or both, sufficient, together with any other cash and Government Obligations held by the Related Bond Trustee and available for such purpose, to cause all Outstanding Related Bonds to be deemed to have been paid within the meaning of Section 11.02 of the Bond Indenture and to pay all other amounts referred to in Section 11.02 of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, Obligation No. 5 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Copies of the Master Indenture are on file at the 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 owners of Obligations issued under the Master Indenture, the terms and conditions on which, and the purpose for which, Obligations are to be issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the registered owner hereof, by acceptance of this Obligation No. 5, assents.

The Master Indenture permits the issuance of additional Obligations under the Master Indenture to be secured by the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligation issued under the Master Indenture over any other such Obligation except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, additional modifications or changes of the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group and of the owners of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes which would affect the rights of the owners of this Obligation No. 5 may be made only

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with the consent of the owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. Upon the issuance of this Obligation No. 5, there are other Obligations outstanding under the Master Trust Indenture known as Obligation No. 2 dated February 12, 2015 ("Obligation No. 2"), Obligation No. 4 dated October 29, 2020 ("Obligation No. 4"), and Obligation No. 6 dated the date hereof ("Obligation No. 6").

Initially, no such modification or change shall be made which will (i) effect a change in the times, amounts or currency of payment of the principal of, and premium, if any, or interest on any Obligation without the consent of the registered owner of such Obligation; (ii) permit the preference or priority of any Obligation over any other Obligation without the consent of the registered owners of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the registered owners of which is required to authorize such supplement without the consent of the registered owners of all Obligations then Outstanding. Any such consent by the registered owners of this Obligation No. 5 shall be conclusive and binding upon such registered owner and all future owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 5.

However, in the event that Obligation No. 2, Obligation No. 4, Obligation No. 5 and/or Obligation No. 6 are no longer outstanding, if an Event of Default under the Master Indenture occurs, there may be a supplement to the Master Indenture which would (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and 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, (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding. In such event, the Master Indenture may be supplemented to provide that during any period of time in which an Event of Default has occurred and is continuing, a supplement of the type described in clauses (i) through (iii) 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 Obligations; provided however, any such amendment shall not result in a preference of 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 supplement described in (i) through (iii) above shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

Upon the occurrence of certain Events of Default (as defined in the Master Indenture), the principal of all Obligations then Outstanding may be declared, and the same shall become, due and payable as provided in the Master Indenture.

The Holder of this Obligation No. 5 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.

Obligation No. 5 is issuable only as a fully registered Obligation. This Obligation No. 5 shall be registered on the registration books to be maintained for that purpose at the Corporate Trust Office of the Master Trustee and the transfer of this Obligation No. 5 shall be registrable only upon presentation of this Obligation No. 5 at said office by the registered owner or by his duly authorized attorney and subject to the limitations, if any, set forth in Supplement No. 5 and No. 6. Such registration of transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner requesting such registration of transfer as a condition precedent to the exercise of such privilege. Upon any such registration of transfer, the Obligated Group shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 5 a new Obligation, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Obligated Group and the Master Trustee may deem and treat the person in whose name this Obligation No. 5 is registered as the absolute Holder hereof for all purposes; and neither the Obligated Group nor the Master Trustee 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. 5.

No covenant or agreement contained in this Obligation No. 5 or the Master Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the Obligated Group or of the Master Trustee in his individual capacity, and no incorporator, member, officer or member of the Board of Directors of the Obligated Group shall be liable personally on this Obligation No. 5 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 5.

This Obligation No. 5 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 5 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 has caused these presents to be signed in its name and on its behalf by a duly authorized officer of the Obligated Group Representative and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its President and Chief Executive Officer, all as of the day and year first above written.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.,** as Obligated Group Representative

By: _____
Gerald Stryker, President and CEO

ATTEST:

By: _____
Name: William Pickhardt
Title: Vice President

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MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. 5 is one of the Obligations contemplated by the within-mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Assistant Vice President

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**APPENDIX B TO SUPPLEMENTAL INDENTURE FOR
OBLIGATION NO. 5 AND OBLIGATION NO.6**

[FORM OF OBLIGATION NO. 6]

John Knox Village of Florida, Inc. Obligated Group
Obligation No. 6

FOR VALUE RECEIVED, John Knox Village of Florida, Inc. a not-for-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Florida (the "Corporation", and together with any additions to or as adjusted by any withdrawals from the Obligated Group as permitted pursuant to the Master Indenture defined below, the "Obligated Group"), promises to pay to U.S. Bank National Association, in its capacity as Bond Trustee under the Bond Indenture defined below, or registered assigns, the principal sum of _____ AND NO/100 DOLLARS (\$ _____), together with (a) interest thereon at such rate or rates as in the aggregate will produce an amount equal to the total of all interest becoming due and payable on the City of Pompano Beach, Florida's (the "Related Bond Issuer") Entrance Fee Principal Redemption Bonds (John Knox Village of Florida, Inc. Project), Series 2021B-1 and the Related Bond Issuer's Entrance Fee Principal Redemption Bonds (John Knox Village of Florida, Inc. Project), Series 2021B-2 (collectively, the "Related Bonds"), each dated December __, 2021, in the aggregate principal amount of \$ _____ issued pursuant to a Bond Indenture, dated as of December 1, 2021 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Related Bond Trustee"), which is incorporated herein by reference and made a part hereof and (b) such redemption premiums and other amounts as are required to be paid by the Obligated Group to the Related Bond Issuer as part of the Obligation No. 6 Payments (as defined in the Bond Indenture) as provided in the Loan Agreement, dated as of December 1, 2021 (the "Loan Agreement"), between the Obligated Group and the Related Bond Issuer, which is incorporated herein by reference and made a part hereof.

The foregoing amounts shall be paid by means of Obligation No. 6 Payments which shall be due and payable on or before any Interest Payment Date (as defined in the Bond Indenture) for the Related Bonds or any other date that any payment of principal, premium, if any, or interest is required to be made in respect of the Related Bonds pursuant to the Bond Indenture until payment of the Related Bonds, in an amount which will enable the Related Bond Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Related Bonds as provided in the Bond Indenture.

This Obligation No. 6 is a single Obligation of the Obligated Group limited to \$ _____ in principal amount, designated as "John Knox Village of Florida, Inc. Obligated Group Obligation No. 6" ("Obligation No. 6" and, together with all other Obligations issued under the Master Trust Indenture, the "Obligations") issued under and pursuant to Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of

December 1, 2025 ("Supplement No. 5 and No. 6"). Upon issuance of Obligation No. 4 the Amended and Restated Master Trust Indenture dated as of December 1, 2010, as amended, was replaced in its entirety by the Composite Amended and Restated Master Trust Indenture, dated as of October 1, 2020 (the "Composite Master Trust Indenture"), by and between the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee") as set forth in and provided for in the Second Amendment to Amended and Restated Master Trust Indenture dated as of October 1, 2020. The Composite Master Trust Indenture, as so supplemented and amended from time to time, is hereinafter called the "Master Indenture." This Obligation No. 6, together with all other Obligations Outstanding under the Master Indenture, is equally and ratably secured by (i) the provisions of the Master Indenture and (ii) the Collateral, granting a lien of record on certain real property owned by the Obligated Group the provisions of which are incorporated herein by reference.

Principal hereof, interest hereon and any applicable redemption premium, are payable in any lawful money of the United States of America. The principal hereof, premium, if any, and interest hereon shall be payable in clearing house funds by the Obligated Group depositing the same with or to the account of the Related Bond Trustee at or prior to the opening of business on the day such payments shall become due and payable (or the next succeeding business day if such date is a Saturday, Sunday or holiday in the city in which the designated office of the Related Bond Trustee is located), and giving notice of payment to the Master Trustee as provided in the Supplement.

This Obligation No. 6 is issued for the purpose of evidencing and securing the indebtedness of the Obligated Group resulting from the lending by the Related Bond Issuer to the Obligated Group of the proceeds of the issuance and sale of the Related Bonds for the purpose of providing funds, together with other available funds, to (i) pay, reimburse, and finance the cost of the Project (as defined in the Loan Agreement), and (ii) pay certain expenses, to provide for capitalized interest, and fund a reserve incurred in connection with the authorization and issuance of the Related Bonds.

The Obligated Group shall receive credit for payment on Obligation No. 6, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 6 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay interest on the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 6; (ii) on installments of principal on Obligation No. 6 in an amount equal to moneys deposited in the Bond Fund created under the Bond Indenture which amounts are available to pay principal of the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 6; (iii) on installments of principal of and interest on Obligation No. 6 in an amount equal to the principal of and interest on Related Bonds which have been called by the Related Bond Trustee for redemption prior to maturity to the extent that there are sufficient amounts for the redemption of such Related Bonds in cash on deposit in the Entrance Fee Redemption Account created under the Bond Indenture and, to the extent specifically deposited for the redemption of such Related Bonds, on

deposit in the Interest Account of the Bond Fund created under the Bond Indenture, and to the extent that such amounts have not previously been credited against payments on Obligation No. 6; *provided* that such credits shall be made against the installments of principal of and interest on Obligation No. 6 which would be due, but for such call for redemption, to pay principal of and interest on such Related Bonds when due at maturity; and (iv) on installments of principal of and interest on Obligation No. 6 in an amount equal to the principal amount of and interest on Related Bonds acquired by any Member of the Obligated Group and delivered to the Related Bond Trustee for cancellation or purchase by the Related Bond Trustee and cancelled; *provided* that such credits shall be made against the installments of principal of and interest on Obligation No. 6 which would be due, but for such cancellation of such Related Bonds, to pay principal of and interest on such Related Bonds when due at maturity.

Upon surrender of Obligation No. 6 to the Master Trustee, or upon payment by the Obligated Group of a sum, in cash or Government Obligations (as defined in the Bond Indenture), or both, sufficient, together with any other cash and Government Obligations held by the Related Bond Trustee and available for such purpose, to cause all Outstanding Related Bonds to be deemed to have been paid within the meaning of Section 11.02 of the Bond Indenture and to pay all other amounts referred to in Section 11.02 of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, Obligation No. 6 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Copies of the Master Indenture are on file at the 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 owners of Obligations issued under the Master Indenture, the terms and conditions on which, and the purpose for which, Obligations are to be issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the registered owner hereof, by acceptance of this Obligation No. 6, assents.

The Master Indenture permits the issuance of additional Obligations under the Master Indenture to be secured by the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligation issued under the Master Indenture over any other such Obligation except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, additional modifications or changes of the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group and of the owners of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes which would affect the rights of the owners of this Obligation No. 6 may be made only with the consent of the owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Master Indenture. Upon the issuance of this Obligation No. 6, there are other Obligations outstanding under the Master Trust Indenture

known as Obligation No. 2 dated February 12, 2015 ("Obligation No. 2"), Obligation No. 4 dated October 29, 2020 ("Obligation No. 4"), and Obligation No. 5 dated the date hereof ("Obligation No. 5").

Initially, no such modification or change shall be made which will (i) effect a change in the times, amounts or currency of payment of the principal of, and premium, if any, or interest on any Obligation without the consent of the registered owner of such Obligation; (ii) permit the preference or priority of any Obligation over any other Obligation without the consent of the registered owners of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the registered owners of which is required to authorize such supplement without the consent of the registered owners of all Obligations then Outstanding. Any such consent by the registered owners of this Obligation No. 6 shall be conclusive and binding upon such registered owner and all future owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 6.

However, in the event that Obligation No. 2, Obligation No. 4 and/or Obligation 5 are no longer outstanding, if an Event of Default under the Master Indenture occurs, there may be a supplement to the Master Indenture which would (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and 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, (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding. In such event, the Master Indenture may be supplemented to provide that during any period of time in which an Event of Default has occurred and is continuing, a supplement of the type described in clauses (i) through (iii) 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 Obligations; provided however, any such amendment shall not result in a preference of 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 supplement described in (i) through (iii) above shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

Upon the occurrence of certain Events of Default (as defined in the Master Indenture), the principal of all Obligations then Outstanding may be declared, and the same shall become, due and payable as provided in the Master Indenture.

The Holder of this Obligation No. 6 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.

Obligation No. 6 is issuable only as a fully registered Obligation. This Obligation No. 6 shall be registered on the registration books to be maintained for that purpose at the Corporate Trust Office of the Master Trustee and the transfer of this Obligation No. 6 shall be registrable only upon presentation of this Obligation No. 6 at said office by the registered owner or by his duly authorized attorney and subject to the limitations, if any, set forth in Supplement No. 6. Such registration of transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner requesting such registration of transfer as a condition precedent to the exercise of such privilege. Upon any such registration of transfer, the Obligated Group shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 6 a new Obligation, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Obligated Group and the Master Trustee may deem and treat the person in whose name this Obligation No. 6 is registered as the absolute Holder hereof for all purposes; and neither the Obligated Group nor the Master Trustee 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. 6.

No covenant or agreement contained in this Obligation No. 6 or the Master Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the Obligated Group or of the Master Trustee in his individual capacity, and no incorporator, member, officer or member of the Board of Directors of the Obligated Group shall be liable personally on this Obligation No. 6 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 6.

This Obligation No. 6 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 6 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 has caused these presents to be signed in its name and on its behalf by a duly authorized officer of the Obligated Group Representative and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its President and Chief Executive Officer, all as of the day and year first above written.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.,** as Obligated Group Representative

By: _____
Gerald Stryker, President and CEO

ATTEST:

By: _____
Name: William Pickhardt
Title: Vice President

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. 6 is one of the Obligations contemplated by the within-mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Assistant Vice President

**APPENDIX C TO SUPPLEMENTAL INDENTURE FOR
OBLIGATION NO. 5 AND OBLIGATION NO. 6**

FORM CERTIFICATE TO CHAPTER 651 ENTRANCE FEE ESCROW AGENT

To: U.S. Bank National Association, as Chapter 651 Entrance Fee Escrow Agent
From: John Knox Village of Florida, Inc., as Obligated Group Representative
Re: \$_____ City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021 and Obligation No. 5 and Obligation No. 6

Any term used in this certificate and not otherwise defined shall have the meaning ascribed to such term in that certain Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of December 1, 2021 (the "Supplemental Indenture for Obligation No. 5 and Obligation No. 6"), by and between U.S. Bank National Association (the "Master Trustee") and John Knox Village of Florida, Inc. (the "Corporation").

This certificate is submitted under the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, which document is incorporated herein by reference.

Direct Transfers and Deposits

Please remit the following amounts from certain Initial Entrance Fees currently on deposit under the Seven Day Escrow Agreement dated March 14, 1989, as follows:

1. Transfer \$_____ to U.S. Bank National Association, as master trustee under the Composite Master Trust Indenture dated October 1, 2020 for deposit to the Entrance Fee Fund held thereunder.
2. Attached hereto is the Entrance Fee Transmittal Letter(s) which includes the name of the depositor of such Entrance Fee, the date of such Residency Agreement, and the amount of each Entrance Fee to be deposited in accordance herewith.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.,** as sole member of the Obligated
Group

By: _____
Authorized Signatory

cc: U.S. Bank National Association, as Master Trustee

ATTACHMENT TO FORM CERTIFICATE TO
CHAPTER 651 ENTRANCE FEE ESCROW AGENT

ENTRANCE FEE TRANSMITTAL LETTER(S)

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BOND INDENTURE

By and Between

CITY OF POMPANO BEACH, FLORIDA

and

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

Dated as of December 1, 2021

\$ _____

**City of Pompano Beach, Florida
Revenue Bonds (John Knox Village Project),
Series 2021A**

and

\$ _____

**City of Pompano Beach, Florida
Entrance Fee Principal Redemption Bonds (John Knox Village Project),
Series 2021B-1**

and

\$ _____

**City of Pompano Beach, Florida
Entrance Fee Principal Redemption Bonds (John Knox Village Project),
Series 2021B-2**

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EXHIBIT A – FORM OF SERIES 2021A BOND AND SERIES 2021B BONDS
EXHIBIT B – FORM OF CONSTRUCTION FUND REQUISITION
EXHIBIT C – FORM OF COSTS OF ISSUANCE FUND REQUISITION

THIS BOND INDENTURE, made and entered into as of December 1, 2021, by and between the **CITY OF POMPAÑO BEACH, FLORIDA** (together with any successor to its rights, duties and obligations hereunder, the "Issuer"), a duly created and validly existing municipal corporation of the State of Florida and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under and by virtue of the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby (together with any successor to its rights, duties and obligations hereunder, the "Bond Trustee"),

WITNESSETH:

WHEREAS, pursuant to the Enabling Acts (hereinafter defined) the Issuer is authorized to make loans for the purpose of financing and reimbursing the cost of the acquisition, construction, improvement or equipping of "projects", including "health care facilities" (within the meaning of the hereinafter defined Financing Act), to carry out any of its purposes and to issue its bonds for the purpose of carrying out any of its powers; and

WHEREAS, John Knox Village of Florida, Inc., a Florida not-for-profit corporation (the "Borrower"), is involved in the business of owning and operating senior living and health care facilities within the boundaries of the Issuer and intends to obtain financing and reimbursing for the costs of certain capital improvements permitted by the Financing Act, with respect thereto through the issuance by the Issuer of the Bonds referred to herein and the loan by the Issuer of the proceeds thereof to the Borrower; and

WHEREAS, the Issuer deems it desirable and in keeping with the purposes of the Enabling Acts to issue its Bonds and to loan the proceeds thereof to the Borrower for the purpose of financing (including through reimbursement) the cost of the acquisition, construction, equipping and installation by the Borrower of certain capital improvements consisting of "health care facilities", as defined in the Financing Act (collectively, the "Project") and for certain other purposes as described herein, through the issuance of the Issuer's Revenue Bonds (John Knox Village Project), Series 2021A, in an aggregate principal amount of \$_____ (the "Series 2021A Bonds"), the Issuer's Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1, in an aggregate principal amount of \$_____ (the "Series 2021B-1 Bonds"), the Issuer's Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2 in the aggregate principal amount of \$_____ (the "Series 2021B-2 Bonds" and, together with the Series 2021A Bonds, the Series 2021B-1 Bonds the "Series 2021 Bonds"); and

WHEREAS, the Borrower and the Issuer have entered into a Loan Agreement (the "Agreement"), of even date herewith, and the Members of the Obligated Group (as defined herein) have entered into the Master Indenture and Supplemental Indenture for Obligation No. 5 and Obligation No. 6 (as both terms are defined herein), pursuant to which the Obligated Group proposes to issue Obligation No. 5 and Obligation No. 6 (as defined herein) to the Bond

Trustee, to evidence the obligation of the Borrower arising from the Issuer loaning to the Borrower the proceeds of the Issuer's Bonds, which Obligation No. 5 and Obligation No. 6 will secure the Issuer's obligations represented by such Bonds and the obligations of the Borrower under the Agreement; and

WHEREAS, the Bonds secured hereunder are issued on parity with the other indebtedness hereto issued and hereafter and secured by notes issued under the Master Indenture, which upon the issuance of the Bonds will be the City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2015 and the City of Pompano Beach, Florida Revenue and Revenue Refunding Bonds, Series 2020; and

WHEREAS, the Bond Trustee agrees to accept and administer the trusts created hereby;

GRANTING CLAUSES

NOW, THEREFORE, THIS BOND INDENTURE FURTHER WITNESSETH: That the Issuer in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the Holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all Persons who shall from time to time be or become Holders thereof, and in order to secure the payment of all of the Bonds at any time issued and outstanding hereunder and the interest and premium, if any, thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants and conditions therein and herein contained, the Issuer has executed this Bond Indenture and does hereby grant a security interest in, and release, assign, transfer, pledge and grant and convey unto the Bond Trustee and its successors and assigns forever the following described property (the "Trust Estate").

(A) All rights and interests of the Issuer in, under and pursuant to the Agreement and the Master Indenture, including, but not limited to, and the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement thereof and (iii) to do any and all things which the Issuer is or may become entitled to do under the Agreement; *provided*, that the assignment made by this clause shall not include any assignment of any obligation of the Issuer under the Agreement or any right of the Issuer thereunder to grant approvals, consents or waivers, to receive notices, or for indemnification or reimbursement of costs and expenses.

(B) All right, title and interest of the Issuer in and to Obligation No. 5 or Obligation No. 6 and all its rights under the Master Indenture in the Mortgage.

(C) Amounts on deposit from time to time in the funds and accounts created pursuant hereto, including the earnings thereon, subject to the provisions of this Bond

Indenture permitting the application thereof for the purpose and on the terms and conditions set forth herein.

TO HAVE AND TO HOLD all said properties pledged, assigned and conveyed by the Issuer hereunder, including all additional property which by the terms hereof has or may become subject to the encumbrance hereof, unto the Bond Trustee and its successors in trust and its assigns forever, subject, however, to permitted encumbrances and to the rights reserved hereunder; *provided*, that the Trust Estate created hereunder may be modified, at the option of the Obligated Group Representative (as defined herein), in whole or in part, in connection with the delivery of a substitute note or other substitute collateral in the event of the execution and delivery of a Supplement (as defined in the Master Indenture) in accordance with the Master Indenture.

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the holders from time to time of the Bonds issued, authenticated, delivered and outstanding hereunder, without preference, priority or distinction as to lien or otherwise of any of said Bonds over any other or others of said Bonds to the end that each holder of such Bonds has the same rights, privileges and lien under and by virtue hereof; and conditioned, however, that if the Issuer shall well and truly pay or cause to be paid fully and promptly when due all liabilities, obligations and sums at any time secured hereby, and shall promptly, faithfully and strictly keep, perform or observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event, this Bond Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereafter set forth.

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. DEFINITIONS. The words and terms used in this Bond Indenture shall have the meanings as set out in this Section (unless otherwise defined herein), and if not contained in this Section as set forth in the Agreement and in the Master Indenture.

"Act" shall mean the Florida Constitution, the Charter of the Issuer, Chapter 166, Florida Statutes, as amended, and other applicable provision of law.

"Advance-Refunded Municipal Bonds" shall mean obligations that are exempt from Federal income taxation that have been advance-refunded prior to their maturity, that are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, that are serial bonds or term bonds not callable prior to maturity except at the option of the holder thereof, and that are rated in the highest Rating Category by each Rating Agency then rating such obligations.

"Agreement" shall mean the Loan Agreement, dated as of December 1, 2021, by and between the Issuer and the Borrower, and when amended or supplemented, the Agreement, as amended or supplemented.

"Agreement Event of Default" shall mean any one or more of those events set forth in Section 6.01 of the Agreement.

"Architect Contract" means the Architect Contract between Perkins Eastman Architects, D. P.C. and John Knox Village of Florida dated January, 2019 as supplemented and amended.

"Assignment of Contracts and Agreements" with respect to the Series 2021 Bonds, means the Assignment of Contracts and Agreements of even date herewith by the Borrower in favor of the Master Trustee, as the same may be amended and/or supplemented from time to time as permitted by the Indenture.

"Authenticating Agent" shall mean the Bond Trustee, and any successor to its duties under this Bond Indenture.

"Beneficial Owner" shall mean whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Bonds" or **"Series 2021 Bonds"** shall mean collectively the Series 2021A Bonds, the Series 2021B-1 Bonds, and the Series 2021B-2 Bonds.

"Bond Counsel" shall initially mean Bryant Miller Olive P.A. and thereafter mean an attorney or firm of attorneys of national recognition experienced in the field of municipal bonds (which may include counsel to the Borrower) whose opinions are generally accepted by purchasers of municipal bonds selected or employed by the Borrower and reasonably acceptable to the Issuer.

"Bond Fund" shall mean the fund created pursuant to Section 5.01(a) hereof.

"Bond Indenture" shall mean this Bond Indenture, dated as of December 1, 2021, by and between the Issuer and the Bond Trustee, and when amended or supplemented, such Bond Indenture, as amended or supplemented.

"Bond Indenture Event of Default" shall mean any one or more of those events set forth in Section 7.01 of hereof.

"Bond Payment Date" shall mean each date on which interest or both principal and interest shall be payable on any of the Bonds according to their respective terms so long as any Bonds are Outstanding.

"Bond Purchase Contract" shall mean the agreement between the Issuer and the Original Purchaser pertaining to the sale of the Bonds.

"Bond Resolution" shall mean Resolution No. 2021-____ relating to the financing (including through reimbursement) of the Costs of the Project which is the subject of this Bond Indenture, adopted by the Issuer on November 9, 2021.

"Bond Trustee" shall mean U.S. Bank National Association, having its Corporate Trust Office in Fort Lauderdale, Florida, and any successor to its duties under this Bond Indenture.

"Bond Year" shall mean the period commencing September 1 of each year and ending August 31 of the next year.

"Book-Entry Bonds" shall mean the Bonds held by DTC as the registered owner thereof pursuant to the terms and provisions of Section 2.11 hereof.

"Borrower" shall mean John Knox Village of Florida, Inc., a Florida not-for-profit corporation, its successors and assigns.

"Borrower Officer" shall mean the Person at the time designated to act on behalf of the Borrower by written certificate furnished to the Bond Trustee, containing the specimen signature of such Person and signed on behalf of the Borrower by its chairman, its president, its chief executive officer, chief operating officer or its chief financial officer. Such certificate may designate an alternate or alternates who shall have the same authority, duties and powers as such Borrower Officer.

"Business Day" shall mean any day of the week other than Saturday, Sunday or a day which shall be in the State or in the jurisdiction of the Bond Trustee, the Paying Agent, the Authenticating Agent or the Registrar a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

"Campus Projects" shall mean the capital improvement projects consisting of the renovations of the Gardens West assisted living venue, the renovations of the entrance features, gates and clock, and updates to the technology safety and emergency system, all of which are located on the campus of the Borrower.

"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 generally accepted accounting principles.

"Chapter 651 Entrance Fee Escrow Agent" means initially U.S. Bank National Association, as escrow agent for the Entrance Fee Escrow Account, required to be maintained pursuant to Chapter 651, Florida Statutes.

"City Commission" shall mean the City Commission of the Issuer.

"Civil Engineer's Contract" means the Civil Engineer Contract between GFA International, Inc. and John Knox Village dated November 27, 2019 as supplemented and amended.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Completion Date" shall mean the date of completion of the Project (other than the Existing Facilities) as set forth in a certificate of the Borrower, which certificate shall state that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Borrower, the acquisition, construction and equipping of the Project (other than the Existing Facilities) has been completed and the cost of the Project (other than the Existing Facilities) has been paid or provision for such payment shall have been made by the Borrower.

"Construction Contracts" with respect to the Project (other than the Existing Facilities), means the Architect' Contract, the Civil Engineer's Contract, the General Construction Contract, and the other contracts, if any, relating to the construction thereof between the Architect, the Civil Engineer, the General Contractor, or the Borrower and construction professionals or suppliers of materials and Equipment.

"Construction Costs" with respect to the Project (other than the Existing Facilities) means all Costs of the Project that are properly payable to the appropriate contractors pursuant to the applicable Construction Contracts.

"Construction Fund" shall mean the fund created pursuant to Section 5.01(c) hereof.

"Construction Monitoring Agreement" means the Construction Disbursement and Monitoring Agreement between ALCALA Construction Management, Inc., the Bond Trustee, and the Borrower.

"Continuing Disclosure Agreement" shall mean the Disclosure Dissemination Agent Agreement dated as of December 1, 2021 of the Borrower relating to the Bonds.

"**Corporate Trust Office**" shall mean the designated office of the Bond Trustee at which it conducts its corporate trust business, which at the date hereof is located at 500 West Cypress Creek Road, Suite 460, Fort Lauderdale, Florida 33309, Attention: Corporate Trust Department.

"**Costs of the Project**," with respect to the Project (other than the Existing Facilities), means those costs and expenses in connection with the renovation, construction, furnishing, and equipping thereof permitted by the Act to be paid or reimbursed from the proceeds of the Bonds including, but not limited to, the following:

(i) (a) the cost of the preparation of plans and specifications (including any preliminary study or planning thereof or any aspect thereof), (b) the cost of acquisition and construction thereof and all construction, acquisition, and installation expenses required to provide utility services or other facilities and all real or personal properties deemed necessary in connection therewith (including development, architectural, engineering, and supervisory services with respect to any of the foregoing), (c) interest on the Bonds during the applicable construction period and for such additional period as the Issuer shall reasonably determine to be necessary for placing the Project in operation, and (d) any other costs and expenses relating to the acquisition, construction, and placing in service thereof;

(ii) the purchase price of any equipment in connection therewith, including all costs incident thereto, payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction thereof, including all costs incident thereto, payment for the cost of the construction, acquisition, and installation of utility services or other facilities in connection therewith, payment for all real and personal property deemed necessary in connection therewith, payment of consulting and development fees in connection therewith, and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond;

(iii) the fees or out-of-pocket expenses, if any, of those providing services with respect thereto, including, but not limited to, architectural, engineering, development, and supervisory services;

(iv) any other costs and expenses relating to the Project (other than the Existing Facilities) that constitute costs or expenses for which the Borrower may expend Bond proceeds under the Act, other than issuance costs of the Bonds; and

(v) reimbursement to the Borrower for any costs described in (i), (ii), (iii) and (iv) above paid by it, whether before or after the issuance of the Bonds; provided, however, that reimbursement for any expenditures made prior to the issuance of the Bonds from the Construction Fund shall only be permitted for expenditures meeting the

requirements of the Regulations, including but not limited to, Section 1.150-2 of the Regulations.

"**Debt Service Reserve Fund**" shall mean the fund created pursuant to Section 3.01A of the Master Trust Indenture.

"**DTC**" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"**Electronic Means**" shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

"**Enabling Acts**" shall mean collectively, the Act and the Financing Act.

"**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, judgements, garnishments or creditors' claims against the Borrower or any claims by the Holders of the Bonds, or Holders of Obligations No. 5 or Obligation No. 6, 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 Seven Day Escrow Agreement relating to the Entrance Fees dated as of March 14, 1989, by and between the Borrower and the Chapter 651 Entrance Fee Escrow Agent, as amended and supplemented from time to time.

"**Entrance Fee Fund**" shall mean the fund created pursuant to Section 5 of the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 ad held by the Master Trustee.

"**Entrance Fees**" means fees, other than security deposits, monthly rentals or monthly service charges, paid to the Borrower by residents of the Project's 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).

"**Entrance Fee Redemption Account**" means the account of such name in the Bond Fund created in Section 3.02 of this Bond Indenture.

"Entrance Fee Redemption Date" means each January 1, April 1, July 1, and October 1 following an Entrance Fee Transfer Date.

"Entrance Fee Transfer Date" means each March 15, June 15, September 15 and December 15 prior to the termination of the Entrance Fee Fund pursuant to Section 5 in the Supplemental Indenture.

"Existing Facilities" shall mean the Facilities owned and operated by the Borrower on the date of the Agreement and consisting of a senior living and health care community located within the boundaries of the Issuer known as John Knox Village.

"Facilities" shall have the meaning ascribed thereto in the Agreement.

"Favorable Opinion of Bond Counsel" shall mean an Opinion of Bond Counsel, addressed to the Issuer, the Borrower and the Bond Trustee to the effect that the action proposed to be taken is authorized or permitted by the Bond Indenture and will not result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

"Financing Act" shall mean Part II of Chapter 159, Florida Statutes, as amended.

"Financing Documents" shall mean this Bond Indenture, the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5, Obligation No. 6, the Mortgage, the Assignment of Contracts and Agreements and the Continuing Disclosure Agreement.

"Fitch" shall mean Fitch, 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, any other nationally recognized securities rating agency designated by the Borrower by notice to the Issuer and the Bond Trustee.

"General Construction Contract," with respect to the New Facilities, means the Construction Contract dated October 27, 2019, as amended by a Guaranteed Maximum Price Amendment dated September 17, 2020 as further amended by a Guaranteed Maximum Price Amendment, dated October 29, 2021 between the Borrower and the General Contractor, as contractor, pursuant to which the General Contractor has agreed to construct the New Facilities.

"General Contractor" means Moss & Associates, LLC, a Florida limited liability corporation.

"Governing Body" shall mean the Borrower's board of directors.

"Government Obligations" shall mean direct general obligations of, or obligations the timely payment of principal and interest on which is unconditionally guaranteed by, the United States of America.

"Holder" or **"Bondholder"** shall mean the registered owner of any Bond, including DTC as the sole registered owner of Book-Entry Bonds.

"Independent Living Units" means the approximately 146 independent living units that are part of the Project.

"Initial Entrance Fees" means Entrance Fees received upon the initial occupancy of any Independent Living Unit not previously Occupied.

"Interest Account" shall mean the account of the Bond Fund created pursuant to Section 5.01(a)(i) hereof.

"Interest Payment Date" shall mean, with respect to any Bond, March 1 and September 1, commencing March 1, 2022. The final Interest Payment Date shall be the maturity date for such maturity of Bonds.

"Interest Period" shall mean the period from, and including, each Interest Payment Date for such Bond to, and including, the day next preceding the next Interest Payment Date for such Bond; *provided, however*, that the first Interest Period for any Bond shall begin on (and include) the date of the Bonds and the final Interest Period shall end the day next preceding the maturity date of the Bonds.

"Issuer" shall have the meaning set forth in the introductory paragraph.

"Issuer Representative" shall mean the Mayor, Vice-Mayor, City Manager, Finance Director or Clerk of the Issuer or such other member of the Issuer as the Issuer may designate to act on its behalf by written certificate furnished to the Borrower and the Bond Trustee containing the specimen signature of such Person and signed on behalf of the Issuer by the Mayor, City Manager, Vice-Mayor, Finance Director or Clerk of the Issuer.

"Master Indenture" means the Composite Master Trust Indenture, originally dated as of December 1, 2010, by and among the Obligated Group and U.S. Bank National Association, as master trustee, for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, as amended by the First Amendment to Amended and Restated Master Trust Indenture dated October 31, 2014 and a Second Amendment to Amended and Restated Master Trust Indenture dated October 1, 2020, both by and between the Borrower, the Obligated Group and U.S. Bank National Association, said Master Indenture may be further amended and supplemented from time to time.

"Master Indenture Event of Default" shall mean any one or more of those events defined as an Event of Default in the Master Indenture.

"Master Trustee" shall mean U.S. Bank National Association having its Corporate Trust Office in Fort Lauderdale, Florida, and its successor to its duties under the Master Indenture.

"Member of the Obligated Group" shall mean a Member of the Obligated Group as defined in the Master Indenture. As of the dated date of this Bond Indenture the Borrower is the only Member of the Obligated Group.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower by notice to the Issuer and the Bond Trustee.

"Mortgage" shall mean, collectively, the Amended and Restated Mortgage and Security Agreement dated October 31, 2014 together with the First Supplement to Amended and Restated Mortgage and Security Agreement, dated as of October 1, 2020, and the Second Supplement to Amended and Restated Mortgage and Security Agreement and Notice of Future Advance dated as of December 1, 2021, each by the Obligated Group in favor of the Master Trustee, as further supplemented from time to time. .

"Mortgaged Property" shall mean the Mortgaged Property as defined in the Mortgage.

"New Facilities" means the additions, expansions, extensions, renovations and improvements to the Facilities on the Borrower's campus financed or reimbursed with the proceeds of the Bonds.

"Obligated Group" shall mean the Obligated Group as defined in the Master Indenture.

"Obligated Group Representative" shall mean the Obligated Group Representative as defined in the Master Indenture. As of the dated date of this Bond Indenture the Borrower is the Obligated Group Representative.

"Obligation No. 5" shall mean Obligation No. 5 created and issued pursuant to the Master Indenture, particularly as supplemented by Supplemental Indenture for Obligation No. 5 and Obligation No. 6, issued to the Bond Trustee by the Obligated Group to evidence the loan to the Borrower from the Issuer of the proceeds of the Bonds, in substantially the form set forth in Appendix A to Supplemental Indenture for Obligation No. 5 and Obligation No. 6.

"Obligation No. 5 Payments" shall mean all payments to be made by the Obligated Group under the Obligation No. 5 in accordance with its terms (but excluding any payments to the Issuer of any issuance fees, administrative expenses payable pursuant to the Agreement and any indemnity payments to the Issuer).

"Obligation No. 6" shall mean Obligation No. 6 created and issued pursuant to the Master Indenture, particularly as supplemented by Supplemental Indenture for Obligation No. 5 and Obligation No. 6, issued to the Bond Trustee by the Obligated Group to evidence the loan to the Borrower from the Issuer of the proceeds of the Bonds, in substantially the form set forth in Appendix A to Supplemental Indenture for Obligation No. 5 and Obligation No. 6.

"Obligation No. 6 Payments" shall mean all payments to be made by the Obligated Group under the Obligation No. 6 in accordance with its terms (but excluding any payments to the Issuer of any issuance fees, administrative expenses payable pursuant to the Agreement and any indemnity payments to the Issuer).

"Occupied" means an Independent Living Unit for which a Residency Agreement has been executed.

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

"Opinion of Counsel" shall mean a written opinion of an attorney or firm of attorneys selected by the Borrower, and who (except as otherwise expressly provided herein or in the Bond Indenture) may be either counsel for the Borrower or for the Bond Trustee.

"Original Purchaser" shall mean Herbert J Sims & Co., Inc., as designated in the Bond Purchase Contract as the initial purchaser or purchasers of the Bonds or, if so designated in such Bond Purchase Contract, the representatives or lead or managing underwriters of such initial purchasers.

"Outstanding," when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except: (i) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation; (ii) Bonds which are deemed paid and no longer Outstanding as provided in the Bond Indenture; (iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Bond Indenture relating to Bonds destroyed, stolen or lost; and (iv) for purposes of any consent or other action to be taken under the Agreement or under this Bond Indenture by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Issuer, the Borrower, or any Person controlling, controlled by, or under common control with, either of them.

"**Owner's Representative Contract**" means the agreement dated July 10, 2017 between the Borrower and Gallo Herbert Architects, LLC, as the Owner's Representative thereunder as supplemented from time to time.

"**Paying Agent**" shall mean the Bond Trustee and any other banks or trust companies and their successors designated as the paying agencies or places of payment for the Bonds.

"**Permitted Investments**" shall mean and include any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations and receipts, certificates or other similar documents evidencing ownership of future principal or interest payments due on Government Obligations which are held in a custody or trust account by a commercial bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50,000,000;

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

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

(e) (i) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Bond Trustee or any affiliate thereof); *provided*, that such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or (ii) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Bond Trustee or any affiliate thereof); *provided*, such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose (or whose parent's) long-term unsecured debt at the time of the making of such deposit or the entering into such banking arrangement is rated in one of the three highest long term Rating Categories by at least two of Moody's, Fitch and S&P (or by at least one such Rating Agency if only two such rating agencies provide such ratings), and provided further that with respect to (i) and (ii) any such

obligations are held by the Bond Trustee or a bank, trust company or national banking association (other than the issuer of such obligations);

(f) Repurchase agreements collateralized by securities described in subparagraphs (a), (b), (c) or (d) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation which at the time of entering into such repurchase agreement has an uninsured, unsecured and unguaranteed obligation rated in one of the three highest rating categories by at least two of Moody's, Fitch and by S&P (or by at least one such rating agency if only two such rating agencies provide such ratings) (including any affiliate of the Bond Trustee), or with any commercial bank (including the Bond Trustee or any affiliate thereof) with such ratings, provided that (1) a specific written repurchase agreement governs the transaction, (2) the securities are held, free and clear of any lien, by the Bond Trustee or an independent third party acting solely as agent for the Bond Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Bond Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Bond Trustee, (3) a perfected first security interest under the Uniform Commercial Code of the State, or book entry procedures prescribed at 31 CFR 306.1 *et seq.* or 31 CFR 350.0 *et seq.* in such securities is created for the benefit of the Bond Trustee, (4) the repurchase agreement has a term of thirty days or less, or the third party holding such securities will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and (5) 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 102 percent;

(g) Money market accounts which at the time of initial deposit are rated in one of the three highest long term Rating Categories by at least two of S&P, Fitch and Moody's (or by at least one such rating agency if only two such rating agencies provide such ratings) or an investment agreement with a financial institution (including the Bond Trustee or any affiliate thereof) whose long term debt (or the long-term debt of such institution's parent company) at the time of entering into such investment agreement is rated in one of the three highest long term Rating Categories by S&P, Fitch and Moody's (or by at least one such rating agency if only two such rating agencies provide such ratings);

(h) Commercial paper rated at the time of purchase at least P-1 by Moody's and at least A-1 by S&P;

(i) Shares of investment companies rated at the time of purchase in one of the three highest long term Rating Categories by at least two of S&P, Fitch and Moody's (or by at least one such rating agency if only two such rating agencies provide such ratings) or cash equivalent

investments which are authorized to invest only in assets or securities described in subparagraphs (a), (b), (c), (d) and (f) above;

(j) Advance-Refunded Municipal Bonds;

(k) Obligations of political subdivisions of any state of the United States, whether or not such are exempt from federal income taxation; *provided*, such obligations are rated at the time of purchase in one of the three highest Rating Categories by at least two of Moody's, Fitch and S&P (or by at least one such rating agency if only two such rating agencies provide such ratings);

(l) Guaranteed investment contracts or investment agreements for the investment of moneys held by the Bond Trustee pursuant to this Bond Indenture with a financial institution (that may include the Bond Trustee) that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, or whose claims paying ability, directly or by virtue of a guarantee of a corporate parent thereof, have been assigned a credit rating at the time of execution of such guaranteed investment contract or investment agreement in one of the three highest Rating Categories by at least two of Moody's, Fitch and S&P (or by at least one such Rating Agency if only two such rating agencies provide such ratings) (*i.e.*, at the time the investment agreement is entered into); and

(m) Debt obligations or equity instruments of domestic or foreign corporations rated at the time of purchase in one of the three highest Rating Categories by at least two of Moody's, Fitch and S&P (or by at least one such Rating Agency if only two such Rating Agencies provide such ratings).

The Bond Trustee may rely on the written direction of the Borrower to invest in an investment as constituting conclusive evidence that such investment is a Permitted Investment hereunder.

"**Person**" shall include an individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

"**Pledged Revenues**" shall mean all revenues, proceeds and receipts derived from the Obligation No. 5 Payments or the Obligation No. 6 Payments, and the proceeds of the Bonds pending their application in accordance with this Bond Indenture.

"**Principal Account**" shall mean the account of the Bond Fund created pursuant to Section 5.01(a)(ii) of this Bond Indenture.

"**Principal Payment Date**" shall mean any date on which principal on the Bonds is due and payable, whether by reason of maturity or redemption from Sinking Fund Account payments.

"**Project**" shall mean the portion of the Facilities financed and reimbursed with the proceeds of the Bonds, which shall in all cases consist of capital improvements consisting of "health care facilities" as defined in the Financing Act, as further described in Exhibit A to the Agreement.

"**Rating Agency**" shall mean S&P, Moody's or Fitch.

"**Rating Category**" shall mean a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"**Record Date**" shall mean as the case may be, the applicable Regular or Special Record Date.

"**Redemption Account**" shall mean the account of the Bond Fund created pursuant to Section 5.01(a)(iv) hereof.

"**Redemption Price**" shall mean, when used with respect to a Bond or portion thereof to be redeemed, the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof.

"**Registrar**" shall mean the Bond Trustee, and any successor to its duties under this Bond Indenture.

"**Regular Record Date**" shall mean the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date for such Interest Period.

"**Representation Letter**" shall mean the Representation Letter from the Issuer to DTC with respect to the Bonds.

"**Residency Agreements**" means each and every contract, including without limitation any "Reservation Agreement" or "Residency Agreement", as amended from time to time,

between the Borrower and a resident of the Project, giving the resident certain rights of occupancy in the Project, including, without limitation, the Independent Living Units, and providing for certain services to such resident.

"Second Amendment to Master Trust Indenture" shall mean the Second Amendment to Master Trust Indenture dated October 29, 2020 between the Borrower and the Master Trustee incorporating amendments to the Master Trust Indenture as a Supplement thereunder pursuant to Section 6.02 thereof.

"Securities Depository" shall mean DTC and its successors and assigns, or any other securities depository selected by the Issuer with the consent of the Obligated Group.

"Serial Bonds" shall mean the Bonds which are so designated herein and are stated to mature in annual installments.

"Series 2021A Bonds" \$_____ aggregate principal amount City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021A, dated their date of delivery, and issued under this Bond Indenture.

"Series 2021B-1 Bonds" \$_____ aggregate principal amount City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1, dated their date of delivery, and issued under this Bond Indenture.

"Series 2021B-2 Bonds" \$_____ aggregate principal amount City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2, dated their date of delivery, and issued under this Bond Indenture.

"Sinking Fund Account" shall mean the account of the Bond Fund created pursuant to Section 5.01(a)(iii) hereof.

"Sinking Fund Account Requirement" shall mean, as to Term Bonds having the same stated maturity date, the aggregate principal amount of such Term Bonds required to be retired on or before the corresponding Sinking Fund Account Retirement Date.

"Sinking Fund Account Retirement Date" shall mean, as to Term Bonds having the same stated maturity date, the date on or before which such Term Bonds are required to be retired in an amount equal to the Sinking Fund Account Requirement for such date.

"S&P" shall mean Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other

nationally recognized securities rating agency designated by the Borrower by notice to the Issuer and the Bond Trustee.

"Special Record Date" shall mean the date established by the Bond Trustee pursuant to Section 2.02(d) hereof as the record date for the payment of defaulted interest on the Bonds.

"State" shall mean the State of Florida.

"Statutory Debt Service Reserve Requirement" means an amount equal to the aggregate amount of all principal and interest payments due during the Borrower's Fiscal Year on any mortgage loan or other long-term financing of the Facilities, including taxes and insurance as reported in the Financial Statements of the Borrower, and including any leasehold payments and all costs relating to the same. If the principal payments are not due during a particular Fiscal Year, the Statutory Debt Service Reserve Requirement for such Fiscal Year shall be an amount equal to the interest payments due during the next 12 months on any mortgage loan or other long-term financing of the Facilities, including taxes and insurance.

"Substitute U.S. Government Securities Dealer" shall mean any one or more substitute United States Government Securities Dealers designated in writing from time to time by the Borrower.

"Supplement" shall mean an indenture supplementing or modifying the provisions of this Bond Indenture entered into by the Issuer and the Bond Trustee in accordance with Article X of this Bond Indenture.

"Supplemental Indenture for Obligation No. 5 and Obligation No. 6" shall mean the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of December 1, 2021, which supplements the Master Indenture by and between the Obligated Group and U.S. Bank National Association, as the Master Trustee, and when amended or supplemented, such Supplemental Indenture for Obligation No. 5 and Obligation No. 6, as amended or supplemented.

"Tax-Exempt Organization" shall mean 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) and 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.

"Tax Agreement" shall mean the Tax Certificate and Agreement, dated the date of delivery of the Bonds, by and among the Issuer and the Obligated Group.

"Term Bonds" shall mean the Bonds designated herein as Term Bonds.

"U.S. Government Securities Dealers" shall mean any one or more United States government securities dealers designated in writing from time to time by the Borrower.

SECTION 1.02. INTERPRETATION. (a) Any reference herein to the Issuer, the City Commission or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not mean or include the payment of a Bond at its stated maturity.

SECTION 1.03. ALL BONDS EQUALLY AND RATABLY SECURED; BONDS NOT GENERAL OBLIGATIONS OF THE STATE OR THE ISSUER. All Bonds issued hereunder 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, preference hereunder, and shall all be equally and ratably secured hereby. **The Bonds are special, limited obligations of the Issuer payable solely from and secured by a pledge of Pledged Revenues and funds provided therefor under this Bond Indenture. The Bonds and the interest thereon shall not be deemed to constitute a debt, liability or obligation of the Issuer, the State, or any political subdivision thereof. Neither the Issuer, the State, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, other than from Pledged Revenues, and neither the faith and credit nor the taxing power of the Issuer, the State, or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.**

ARTICLE II AUTHORIZATION AND TERMS OF BONDS

SECTION 2.01. AUTHORIZATION. The Issuer hereby authorizes the issuance of the Bonds in three series of tax-exempt bonds in the aggregate principal amount of \$_____ pursuant to the Enabling Acts for the purpose of providing funds to lend to the Borrower to aid in financing and reimbursing the cost of the Project, funding the Debt Service Reserve Fund and funding capitalized interest, and paying costs associated with the issuance of such Bonds. The

series of Bonds so authorized shall be designated "City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021A," "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1," and "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2" and shall be issued and sold as directed by the Issuer in accordance herewith. All of the Bonds shall be equally and ratably secured by this Bond Indenture, the Trust Estate, Obligation No. 5 and Obligation No. 6, as applicable. This Bond Indenture constitutes a continuing agreement with the Holders from time to time of the Bonds to secure the full payment of the principal of and premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions herein contained. No additional Bonds may be issued hereunder.

SECTION 2.02. TERMS. (a) The Bonds shall be issued in fully registered form as herein provided, and shall be payable as to interest on each applicable Interest Payment Date during the term of the Bonds. Interest payments on the Bonds shall commence on the initial Interest Payment Date. The Bonds shall be dated their date of issuance and shall bear interest from that date, except with respect to Bonds authenticated and delivered on and after the first Bond Payment Date, which Bonds shall be dated and bear interest (i) as of and from the Bond Payment Date next preceding the date of their authentication (unless authenticated on a Bond Payment Date, in which case from such Bond Payment Date, or unless authenticated during the period after a Record Date to the next Bond Payment Date, in which case from such next ensuing Bond Payment Date), or (ii) if on the date of their authentication payment of interest thereon is in default, as of and from the date to which interest has been paid. Interest on all Bonds initially delivered shall accrue from their date of issuance. The Series 2021A Bonds maturing in 20__ through 20__ (inclusive) are hereby designated as Serial Bonds. The Series 2021A Bonds maturing in 20__, 20__, 20__ and 20__ are hereby designated as Term Bonds.

The Bonds shall be issued as fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be numbered in consecutive numerical order from R-1, upwards and shall be registered initially in the name of "Cede & Co.," as nominee of the Securities Depository, and shall be evidenced by one Bond for each maturity of Bonds in the principal amount of the respective maturities of such Bonds. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.11.

Each Bond shall bear interest, payable in lawful money of the United States of America, from the date of the Bonds until payment of the principal or Redemption Price thereof shall have been made or provided for in accordance with the provisions of this Bond Indenture, whether upon maturity, redemption or otherwise.

(b) The Series 2021A Bonds shall mature on September 1 in the years and amounts and shall bear interest at the rates set forth below (subject to the right of prior redemption as provided in Article III).

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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* Term Bonds

(c) There is hereby authorized to be issued hereunder and secured hereby the "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1." The Series 2021B-1 Bonds shall be numbered consecutively upward from RB1-1.

The Series 2021B-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 2021B-1 Bonds. The Series 2021B-1 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each March 1 and each September 1, beginning March 1, 2022, at the rate per annum and shall mature on September 1 in the year and principal amount as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
20__		

(d) There is hereby authorized to be issued hereunder and secured hereby the "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2." The Series 2021B-1 Bonds shall be numbered consecutively upward from RB2-1.

The Series 2021B-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 2021B-2 Bonds. The Series 2021B-2 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each March 1 and each September 1, beginning March 1, 2022, at the rate per annum and shall mature on September 1 in the year and principal amount as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
20__		

(e) During each Interest Period interest shall be payable on the Interest Payment Date for such Interest Period. Interest on Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Each Bond shall bear interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate borne by such Bond on the day before the Event of Default occurred.

(f) Interest on the Bonds shall be payable on each Interest Payment Date by the Bond Trustee by check mailed on the Interest Payment Date to the Holders of the Bonds at the close of business on the Record Date in respect of such Interest Payment Date at the registered addresses of Holders as shall appear on the registration books of the Bond Trustee. In the case of any Holder of Bonds in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Bond Trustee who, prior to the Record Date next preceding any Interest Payment Date, shall have provided the Bond Trustee with wire transfer instructions, interest payable on such Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Bond and at the Holder's risk and expense.

(g) If available funds are insufficient on any Interest Payment Date to pay the interest then due on the Bonds, interest shall continue to accrue thereon but shall cease to be payable to the Holder on such Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Bond Trustee shall (1) establish a "special interest payment date" for the payment of the overdue interest and a Special Record Date (which shall be a Business Day) for determining the Bondholders entitled to such payment and (2) mail notices by first class mail of such dates as soon as practicable. Notice of each such date so established shall be mailed to each Bondholder at least 10 days prior to the Special Record Date but not more than 30 days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Holders, as shown on the registration books of the Bond Trustee as of the close of business on the Special Record Date. The form of such notice shall be provided to the Bond Trustee by the Borrower Officer.

(h) The principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the designated Corporate Trust Office of the Bond Trustee upon surrender of the Bonds to the Bond Trustee for cancellation.

(i) The Bonds shall be subject to redemption as provided in Article III hereof.

(j) The Bond Trustee shall identify all payments (whether made by check or by wire transfer) of interest, principal and premium by CUSIP number of the Bonds.

(k) Notwithstanding anything else to the contrary, the Bonds registered in book entry only are not required to be presented for payment.

SECTION 2.03. MUTILATED, DESTROYED, LOST AND STOLEN BONDS. If (i) any mutilated Bond is surrendered to the Bond Trustee or if the Issuer, the Registrar, the Paying Agent or the Bond Trustee receives evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Issuer, the Registrar, the Paying Agent and the Bond Trustee such security or indemnity as may be required by them to hold them harmless, then, upon the Holder paying the reasonable expenses of the Issuer, the Registrar, the Paying Agent and the Bond Trustee, the Issuer shall cause to be executed and the Authenticating Agent shall authenticate and deliver, in exchange for such mutilated Bond or in lieu of such destroyed, lost or stolen Bond, a new Bond of like principal amount, date and tenor. If any such destroyed, lost or stolen Bond has become or is about to become due and payable, then the Bond Trustee and any Paying Agent may, in their discretion, pay such Bond when due instead of delivering a new Bond.

SECTION 2.04. EXECUTION AND AUTHENTICATION OF BONDS. All Bonds shall be executed for and on behalf of the Issuer by its Mayor or Vice-Mayor and attested by its Clerk. The signatures of the Mayor, Vice-Mayor and/or the Clerk may be manually applied or mechanically or photographically reproduced on the Bonds. If any officer of the Issuer whose signature appears on any Bond ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Bond shall be manually authenticated by an authorized signatory of the Authenticating Agent, without which authentication no Bond shall be entitled to the benefits hereof.

SECTION 2.05. EXCHANGE OF BONDS. Bonds, upon presentation and surrender thereof to the Registrar together with written instructions satisfactory to the Registrar, duly executed by the registered Holder or his attorney duly authorized in writing, may be exchanged for an equal aggregate face amount of fully registered Bonds with the same interest rate and maturity of any other authorized denominations.

SECTION 2.06. NEGOTIABILITY AND TRANSFER OF BONDS. (a) All Bonds issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the Bonds.

(b) So long as any Bonds are Outstanding, the Issuer shall, at the written direction and expense of the Borrower, cause to be maintained at the offices of the Registrar or its agent books for the registration and transfer of Bonds, and shall provide for the registration and transfer of any Bond under such reasonable regulations as the Issuer or the Registrar may prescribe. The Registrar shall act as bond registrar for purposes of exchanging and registering Bonds in accordance with the provisions hereof.

(c) Each Bond shall be transferable only upon the registration books maintained by the Registrar, by the Holder thereof in person or by his attorney duly authorized in writing,

upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the Issuer shall cause to be executed and the Authenticating Agent shall authenticate and deliver, in the name of the transferee, one or more new Bonds of the same aggregate face amount, maturity and rate of interest as the surrendered Bond, as fully registered Bonds only.

SECTION 2.07. PERSONS DEEMED OWNERS. As to any Bond, the Person in whose name such Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal or interest on any Bond shall be made only to or upon the written order of the registered Holder thereof. Such payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the amount so paid.

SECTION 2.08. PROVISIONS WITH RESPECT TO TRANSFERS AND EXCHANGES. (a) All Bonds surrendered in any exchange or transfer of Bonds shall forthwith be cancelled by the Registrar.

(b) In connection with any such exchange or transfer of Bonds the Holder requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer remit to the Registrar an amount sufficient to pay any tax, or other governmental charge required to be paid with respect to such exchange or transfer.

(c) Neither the Issuer nor the Registrar shall be obligated to (i) issue, exchange or transfer any Bond during the period from a Record Date to the next succeeding Bond Payment Date, or (ii) transfer or exchange any Bond which has been or is being called for redemption in whole or in part.

SECTION 2.09. CONDITIONS FOR DELIVERY OF BONDS. Upon the execution and delivery hereof, the Issuer shall execute and deliver to the Authenticating Agent, and the Authenticating Agent shall authenticate, the Bonds and deliver them to or for the account of the Original Purchaser as directed by the Issuer or the Borrower; *provided, however*, that prior to delivery by the Authenticating Agent of the Bonds there shall be delivered to the Bond Trustee the following:

(a) A certified copy of the Bond Resolution of the City Commission authorizing the execution and delivery on behalf of the Issuer of this Bond Indenture, the Agreement, the Bonds and the Bond Purchase Contract.

(b) A certified copy of a resolution of the Governing Body of the Borrower authorizing the execution and delivery on behalf of the Obligated Group of Obligation No. 5, the Obligated Group of Obligation No. 6, the Supplemental Indenture for Obligation No. 5 and

Obligation No. 6, the Official Statement for the Bonds, the Agreement, the Continuing Disclosure Agreement and the Bond Purchase Contract, and approving this Bond Indenture and the issuance of the Bonds.

(c) Executed original counterparts (or, in the case of the Master Indenture and the Mortgage, certified copies) of this Bond Indenture, the Bond Purchase Contract, the Master Indenture, the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, the Continuing Disclosure Agreement, the Entrance Fee Escrow Agreement, the Agreement and the Tax Agreement.

(d) Obligation No. 5 and Obligation No. 6, executed, registered in the name of the Bond Trustee and otherwise conforming to the provisions of the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6 and the Agreement.

(e) A request and authorization by the Issuer to the Authenticating Agent at the written direction of the Borrower to authenticate and deliver the Bonds describing such Bonds, designating the Original Purchaser to whom such Bonds are to be delivered upon payment therefor and stating the amount to be paid therefor to the Bond Trustee for the account of the Issuer for application as provided in Section 5.02 hereof.

(f) The amounts specified in Section 5.02 hereof for deposit to the credit of certain of the funds and accounts created hereunder.

(g) An opinion of Bond Counsel in substantially the form attached as Appendix E to the Official Statement pertaining to the Bonds and a supplemental opinion of Bond Counsel required by the Bond Purchase Contract.

(h) An opinion of Counsel for the Obligated Group among other matters stating in effect that (1) the Borrower has been duly incorporated and is validly existing as a not-for-profit corporation in good standing under the laws of the State with corporate power and authority to execute and deliver the Financing Documents to which it is a party (collectively, the "Corporation Documents"); (2) the Corporation Documents have been duly authorized, executed and delivered by the Borrower and are enforceable in accordance with their respective terms, except to the extent that the enforceability of the same may be limited by (A) the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally; (B) general principles of equity, including (i) obligations of the Master Trustee and the Issuer and its assigns to exercise good faith, fair dealing and commercial reasonableness in the exercise of rights and remedies afforded by the Financing Documents and any other documents incident thereto obligating the Borrower and (ii) the availability of equitable remedies, including specific performance and injunctive relief, being subject to the discretion of the court before which any proceeding may be brought; (C) court decisions which may invalidate or limit the indemnification provisions of the

Financing Documents on the grounds of applicable laws or public policy; and (D) the availability of a deficiency decree being a matter of judicial discretion, which permits a court to inquire into (i) the reasonable and fair market value of the property sold at foreclosure, (ii) the adequacy of the sales price, (iii) the relationship between the foreclosing party and the purchaser at the foreclosure sale and (iv) all the facts and circumstances of the particular case; (3) the Borrower has obtained all consents, approvals, authorizations and orders of governmental or regulatory authorities (collectively, "Consents") that are required to be obtained by the Borrower as a condition precedent to the execution of the Corporation Documents and the operation of the Existing Facilities and the Project; (4) the Borrower has obtained all Consents that are obtainable to date that are required to be obtained by the Borrower for the performance of the Borrower's obligations under the Corporation Documents and the conduct of the Borrower's business as it is currently being conducted, and such counsel has no reason to believe that the Borrower cannot obtain, when needed, any other Consents that may be required that cannot be obtained to date for the performance of the Borrower's obligations under the aforementioned documents or for the acquisition, construction and installation of the New Facilities; (5) the execution and delivery of the Corporation Documents by the Borrower and compliance with the terms thereof, under the circumstances contemplated thereby, do not and will not conflict with the articles of incorporation or bylaws of the Borrower and, to the best of such counsel's knowledge, do not and will not in any material respect conflict with, or constitute on the part of the Borrower a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the Borrower is a party or conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree of any court, government or governmental authority having jurisdiction over the Borrower or result in the creation of any lien or encumbrance upon any property of the Borrower except as permitted under the Master Indenture; (6) the Borrower is exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, is not a private foundation as described in Section 509(a) of the Code and, to the best of such counsel's knowledge, the Borrower has not failed to file any required report with the Internal Revenue Service or engaged in conduct inconsistent with its status as an exempt organization; (7) financing statements with respect to the security interest in Gross Revenues (as defined in the Master Indenture), Facility Property and Equipment (as defined in the Master Indenture) and the personal property described in the Mortgage have been filed in the office of the Secured Transactions Registry of the State and the Mortgage constitutes a financing statement with respect to the security interest in fixtures described in the Mortgage when recorded in the offices of the Clerk of the Circuit Court of Broward County, Florida; and (8) the Master Indenture and the Mortgage create a security interest in the property described therein, to the extent such security interest may be perfected by filing, which have been perfected by the filings and recording referred to in clause (7) above, and in the case of fixtures as described in the Mortgage installed on the Mortgaged Property; and no further filing, other than the filing of continuation statements is required to continue such perfection.

- (i) The executed Assignment of Contracts and Agreements.
- (j) Executed copies of the Construction Contract, the Architect Agreement, the Civil Engineer's Contract and the Construction Monitoring Agreement.
- (k) Such other closing documents as the Issuer may reasonably specify, including evidence that the Bonds have an investment grade rating from a Rating Agency.

The payment of the net proceeds from the issuance of the Bonds to the Bond Trustee shall constitute conclusive evidence that the foregoing conditions have been met to the satisfaction of the Issuer and the Original Purchaser.

SECTION 2.10. FORM OF BONDS. The definitive Bonds shall be in substantially the form set forth as Exhibit A to this Bond Indenture, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such Bonds on behalf of the Issuer. Execution thereof by such officers shall constitute conclusive evidence of such approval.

SECTION 2.11. BOOK-ENTRY BONDS. (a) Except as provided in subparagraph (c) of this Section 2.11, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by payment of wire transfer of immediately available funds or New York clearing house or equivalent next day funds, as mutually agreed to between the Bond Trustee and DTC, to the account of Cede & Co. on the Bond Payment Date for the Bonds at the address indicated on the Regular Record Date or Special Record Date for Cede & Co. in the registry books of the Issuer kept by the Registrar.

(b) The Bonds shall be initially issued in the form of separate single fully registered Bonds, authenticated by the Authenticating Agent, in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Issuer kept by the Registrar in the name of Cede & Co., as nominee of DTC. The Bond Trustee, the Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Bond Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and none of the Bond Trustee, the Registrar, the Paying Agent or the Issuer shall be affected by any notice to the contrary. None of the Bond Trustee, the Registrar, the Paying Agent or the Issuer shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the Registrar as being a

Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC participant; the payment of DTC or any DTC participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under this Bond Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as Bondholder. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and 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 herein with respect to Record Dates, the words "Cede & Co." in this Bond Indenture shall be deemed to be changed to reflect such new nominee of DTC.

(c) In the event the Issuer (at the written direction and expense of the Borrower) determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the Issuer may notify DTC and the Bond Trustee, whereupon DTC will notify the DTC participants, of the availability through DTC of Bond certificates. In such event, the Bond Trustee shall deliver, transfer and exchange Bond certificates as directed by DTC as the Bondholder in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer (at the written direction and expense of the Borrower) and the Bond Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Issuer and the Bond Trustee shall be obligated to deliver Bond certificates as directed by DTC. In the event Bond certificates are issued, the provisions of this Bond Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Issuer and the Bond Trustee to do so, the Bond Trustee and the Issuer (at the written direction and expense of the Borrower) will cooperate with DTC in taking appropriate action after reasonable notice (1) to make available one or more separate certificates evidencing the Bonds to any DTC participant having Bonds credited to its DTC account (subject to clause (d) below) or (2) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) 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 the principal of and premium, if any, and interest on such Bond and all notices

with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Indenture by the Issuer or the Bond Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer (at the written direction and expense of the Borrower) or the Bond Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC as sole Bondholder notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

ARTICLE III
REDEMPTION AND PURCHASE OF BONDS

SECTION 3.01. RIGHT TO REDEEM. The Bonds shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

SECTION 3.02. OPTIONAL REDEMPTION. (a) The Series 2021A Bonds maturing on or after September 1, 20__ are subject to redemption prior to maturity beginning on September 1, 20__, upon the direction of the Borrower, in whole or in part at any time, at the redemption prices set forth below, together with accrued interest to the redemption date:

<u>Redemption Period (Dates Inclusive)</u>	<u>Redemption Prices</u>
September 1, 20__ to August 31, 20__	
September 1, 20__ to August 31, 20__	
September 1, 20__ to August 31, 20__	
September 1, 20__ and thereafter	

(b) The Series 2021 Bonds issued as Term Bonds are required to be redeemed to the extent of any Sinking Fund Requirement therefor on September 1 of the years set forth in Section 3.03 below in which there is a Sinking Fund Requirement, at a Redemption Price equal to 100 percent of the principal amount of the Bonds to be redeemed.

(c) Notwithstanding the above provisions in this Section, any Bonds subject to optional redemption and cancellation shall also be subject to optional call for purchase and resale by the Borrower (i.e., a so-called purchase in lieu of redemption) at the same times and at the same Redemption Prices as are applicable to the optional redemption of such Bonds as provided above. Any Bonds so purchased by the Borrower may, as directed by the Borrower, be cancelled or held Outstanding by the Borrower.

(d) Any Bonds subject to redemption under subsection (a) hereof may be redeemed pursuant to Section 5.04 hereof.

(e) The Series 2021B-1 Bonds are not subject to optional redemption prior to maturity.

(f) The Series 2021B-2 Bonds are not subject to optional redemption prior to maturity.

SECTION 3.03. SINKING FUND ACCOUNT REDEMPTION; ENTRANCE FEE REDEMPTION. (a) The Series 2021A Bonds maturing on September 1, 20__ and bearing interest at ____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

<u>Bonds Maturing September 1, 20__ and bearing interest at ____%</u>	
<u>Year</u>	<u>Sinking Fund Installment</u>

* Final Maturity

The Series 2021A Bonds maturing on September 1, 20__ and bearing interest at ____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

<u>Bonds Maturing September 1, 20__ and bearing interest at ____%</u>	
<u>Year</u>	<u>Sinking Fund Installment</u>

* Final Maturity

The Series 2021A Bonds maturing on September 1, 20__ and bearing interest at ____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

Bonds Maturing September 1, 20__ and bearing interest at ____%

<u>Year</u>	<u>Sinking Fund Installment</u>
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* Final Maturity

The Series 2021A Bonds maturing on September 1, 20__ and bearing interest at ____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

Bonds Maturing September 1, 20__ and bearing interest at ____%

<u>Year</u>	<u>Sinking Fund Installment</u>
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* Final Maturity

The Series 2021A Bonds maturing on September 1, 20__ and bearing interest at ____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

Bonds Maturing September 1, 20__ and bearing interest at ____%

<u>Year</u>	<u>Sinking Fund Installment</u>
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* Final Maturity

(b) (i) The Series 2021B-1 Bonds and the Series 2021B-2 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 the Series 2021B-1 Bonds and the Series 2021B-2 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 2021B-2 Bonds and then to redeem the Series 2021B-1 Bonds. Redemption of the Series 2021B-1 Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2021B-2 Bonds have been paid in full.

(ii) The principal amount of the Series 2021B-1 Bonds or the Series 2021B-2 Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Series 2021B-1 Bonds or Series 2021B-2 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.

(iii) 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 2021B-1 Bonds or the Series 2021B-2 Bonds that remains Outstanding after such redemption.

(iv) Any funds remaining in the Entrance Fee Redemption Account upon the payment in full of the Series 2021B-1 Bonds and the Series 2021B-2 Bonds shall be released to the Borrower provide no Event of Default has occurred and is continuing and the Entrance Fee Redemption Account shall be closed.

SECTION 3.04. EXTRAORDINARY OPTIONAL REDEMPTION. The Bonds may be redeemed in whole or in part at the option and written direction of the Borrower, at any time, at par plus accrued interest, from proceeds of insurance or condemnation awards resulting from damage or destruction or condemnation of the Facilities, or from prepayments under the Agreement which permits prepayment thereunder, as a result of any changes in the

Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by other governmental action, the Agreement shall have become void or unenforceable or performance thereunder shall have become impossible in accordance with the intent and purposes of the parties as expressed in the Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Obligated Group or their property.

SECTION 3.05. SELECTION OF BONDS TO BE REDEEMED. In the event of any redemption of less than all Outstanding Bonds, any maturity or maturities and amounts within maturities to be redeemed shall be selected by the Bond Trustee at the direction of the Borrower. If less than all of the Bonds of the same maturity are to be redeemed upon any redemption of Bonds hereunder, DTC or any successor Securities Depository shall select the Bonds to be redeemed in accordance with its procedures or, if the book-entry system is discontinued, the Bond Trustee shall select the Bonds to be redeemed in such manner as may be directed by the Borrower or randomly if no direction is delivered. In making such selection, the Bond Trustee shall treat each Bond as representing that number of Bonds of such maturity of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

SECTION 3.06. PARTIAL REDEMPTION OF BONDS. Upon the selection and call for redemption of, and the surrender of, any Bond for redemption in part only, the Issuer (at the written direction and expense of the Borrower) shall cause to be executed and the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Obligated Group, a new Bond or Bonds of authorized denominations in an aggregate face amount equal to the unredeemed portion of the Bond surrendered, which new Bond or Bonds shall be a fully registered Bond or Bonds without coupons, in authorized denominations.

The Bond Trustee may agree with any Holder of any such Bond that such Holder may, in lieu of surrendering the same for a new Bond, endorse on the reverse of such Bond a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the redemption date, the principal amount redeemed and the principal amount remaining unpaid; *provided, however*, for so long as the Book-Entry only system is being used, partial redemption of a Bond shall be recorded or evidenced as directed by DTC. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of any such Bond and the Bond Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Bond by the owner thereof and irrespective of any error or omission in such endorsement.

SECTION 3.07. EFFECT OF CALL FOR REDEMPTION. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall

become and be due and payable at the Redemption Price provided for redemption of such Bonds on such date; provided that if the notice of redemption indicates that it is conditional or may be rescinded by the Borrower, and either such condition is not satisfied or the notice is rescinded, then the Bonds shall not become due and payable on the date set forth in the notice. If on the date fixed for redemption moneys for payment of the Redemption Price and accrued interest are held by the Bond Trustee or the Paying Agent as provided herein, interest on such Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Bond Trustee or the Paying Agent and the amount of such Bonds so called for redemption shall be deemed paid and no longer Outstanding.

SECTION 3.08. NOTICE OF REDEMPTION. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the issue, date of issue, maturity dates and interest rate. Notice of redemption of any Bonds (except as provided in Section 3.02 hereof) shall be mailed by the Registrar, by first-class mail, postage prepaid, not less than 30 nor more than 45 days prior to the date set for redemption, to each registered Holder of a Bond to be so redeemed at the address shown on the books of the Registrar but failure to so mail or any defect in any such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively. Each such notice shall set forth the date fixed for redemption, official name of the issue, date of notice, date of issue, dated date, the Redemption Price to be paid, any conditions applicable to the redemption, and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP identification numbers, if any, and certificate numbers of such Bonds to be redeemed, the maturity date and interest rates of such Bonds to be redeemed, the name of the Paying Agent with address, telephone number, contact person and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Failure to give notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice of optional redemption may indicate that it is conditional or that it may be rescinded by the Borrower.

Sixty days after the redemption date, the Bond Trustee shall also mail a second copy of the notice of redemption to any Bondholder who has not presented his Bonds for payment on or before such date, by the same means as the first notice.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing, whether or not the Owner of such Bonds receives the notice.

ARTICLE IV
CONSTRUCTION FUND; COST OF ISSUANCE FUND

SECTION 4.01. CONSTRUCTION FUND. A special fund is hereby established with the Bond Trustee and designated "Series 2021 Construction Fund" (herein sometimes called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of Section 5.02(a) of this Bond Indenture.

The money in the Construction Fund shall be held by the Bond Trustee in trust and shall be applied to the payment of the cost of the New Facilities including the Campus Projects, or the financing, reimbursing, and refinancing thereof, including necessary incidental expenses and reimbursement to the Borrower for such costs and expenses paid by such Borrower in connection therewith, and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Bond Indenture and for the further security of such holders until paid out in accordance with Section 4.02 hereof.

After the New Facilities, as it may or may not be amended or added to at the option of the Borrower in accordance with Section 5.03 of the Agreement, is completed, as certified by the Borrower to the Bond Trustee, surplus money in the Construction Fund shall be applied to the Interest Account, the Principal Account or the Sinking Fund Account, as directed by the Borrower.

SECTION 4.02. REQUISITION FROM THE CONSTRUCTION FUND. Payments from the Construction Fund shall be made in accordance with the provisions of this Section and the Construction Monitoring Agreement, provided, however, that the requisitions for the Campus Projects are not subject to the Construction Monitoring Agreement and any requisition for the Campus Projects shall state that such requisition is for the Campus Projects. Before any such payment shall be made, the Borrower shall file with the Bond Trustee a requisition, in the form set forth in Exhibit B hereto, signed by a Borrower Officer stating:

- (i) the name of the Person to whom each such payment is due (which may be the Borrower),
- (ii) the respective amounts to be paid,
- (iii) the purpose by general classification for which each obligation to be paid was incurred,
- (iv) that obligations in the stated amounts have been incurred by the Borrower and are presently due and payable, or are properly reimbursable to the Borrower, that each item thereof is a necessary Costs of the Project and is a proper charge against the Construction Fund and has not been paid, and that the provisions of the Construction Monitoring Agreement have

been complied with, provided, however, that disbursements from the Construction Fund for the Campus Projects shall not be subject to the Construction Monitoring Agreement.

Upon receipt of each requisition the Bond Trustee shall pay the obligation set forth in such requisition out of money in the Construction Fund. In making such payments the Bond Trustee may conclusively rely upon such requisitions and the representations contained therein.

SECTION 4.03. COST OF ISSUANCE FUND. The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund shall be used and withdrawn by the Bond Trustee to pay the Costs of Issuance of the Bonds upon Requisition of the Borrower for payment substantially in the form attached hereto as Exhibit C hereto, which, by this reference thereto, is incorporated herein, executed by the Obligated Group Representative. On the one hundred eightieth (180th) day following the issuance of the Bonds, or upon the earlier Request of the Borrower, amounts, if any, relating to such Bonds remaining in the applicable account of the Costs of Issuance Fund shall be transferred to the Interest Account; provided, however, any amounts remaining in the Costs of Issuance Fund shall be transferred to the Series 2021 Project Account of the Project Fund. Upon such transfer, the related account of the Costs of Issuance Fund shall be closed.

SECTION 4.04. REQUISITION FROM THE COSTS OF ISSUANCE FUND. Payments from the Costs of Issuance Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made, the Borrower shall file with the Bond Trustee a requisition, in the form set forth in Exhibit C hereto, signed by a Borrower Officer stating:

- (i) the name of the Person to whom each such payment is due (which may be the Borrower),
- (ii) the respective amounts to be paid,
- (iii) the purpose by general classification for which each obligation to be paid was incurred,
- (iv) that obligations in the stated amounts have been incurred by the Borrower and are presently due and payable, or are properly reimbursable to the Borrower, and that each item thereof is a necessary cost of issuance and is a proper charge against the Costs of Issuance Fund and has not been paid.

Upon receipt of each requisition the Bond Trustee shall pay the obligation set forth in such requisition out of money in the Costs of Issuance Fund. In making such payments the Bond Trustee may conclusively rely upon such requisitions and the representations contained therein.

The Bond Trustee shall disburse moneys from the Costs of Issuance Fund to the payee, to the Borrower or to its designee, as the case may be, to pay, or to reimburse the Borrower for, any and all costs and expenses relating to the issuance, sale and delivery of the Bonds and Obligation No. 5 and Obligation No. 6, including, but not limited to, all fees and expenses of the Bond Trustee, legal counsels, bond counsel, financial consultants, feasibility consultants and accountants, rating service fees, bond printing costs and costs related to the preparation and printing of this Bond Indenture, the Tax Agreement, the Master Indenture, the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, the Agreement, the Official Statement relating to the Bonds, the Bonds, Obligation No. 5 and Obligation No. 6 upon receipt by the Bond Trustee of a requisition filed by the Borrower together with the bill or invoice from the payee or from the Borrower. In making such payments, the Bond Trustee may rely on such bill or invoice as being genuine and as being authorized by the Borrower to be paid and shall have no duty or obligation with respect to the application of such moneys.

ARTICLE V REVENUES AND FUNDS

SECTION 5.01. CREATION OF FUNDS AND ACCOUNTS. Upon the issuance of the Bonds, the Bond Trustee shall create the following funds and accounts to be held in trust for the Holders:

- (a) The Bond Fund which shall contain the following accounts:
 - (i) The Interest Account;
 - (ii) The Principal Account;
 - (iii) The Sinking Fund Account;
 - (iv) The Redemption Account; and
 - (v) The Entrance Fee Redemption Account.
- (b) The Construction Fund.

SECTION 5.02. APPLICATION OF BOND PROCEEDS AND OTHER MONEYS.

(a) Simultaneously with the delivery of the Bonds, the proceeds of the Bonds (less underwriter's discount shall be applied by the Bond Trustee as follows:

- (i) to the credit of the Debt Service Reserve Fund held under the Master Trust Indenture, an amount equal to \$_____ shall be transferred to the Master Trustee in order to fund the Debt Service Reserve Fund Requirement for the Bonds;
- (ii) to the credit of the Construction Fund, \$_____;

(iii) to the Interest Account to fund capitalized interest in the amount of \$_____; and

(iv) to the credit of the Cost of Issuance Fund the balance of \$_____.

(b) The money in the Construction Fund shall be applied as provided in Sections 4.01 and 4.02 hereof.

SECTION 5.03. FLOW OF FUNDS. So long as any Bonds are Outstanding, in each Bond Year, Obligation No. 5 Payments or Obligation No. 6 or repayments under the Agreement received by the Bond Trustee shall be applied in the following manner and order of priority:

(a) Interest Account. The Bond Trustee shall deposit to the Interest Account on or before the third Business Day prior to each Interest Payment Date, the amount, if any, necessary to cause the amount then being credited to the Interest Account, together with any capitalized interest and investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Interest Payment Date (but only to the extent that (i) such amount or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than the amount of interest to be paid on Outstanding Bonds on such Interest Payment Date. Moneys in the Interest Account shall be used to pay interest on Bonds as it becomes due.

(b) Principal Account. The Bond Trustee shall deposit to the Principal Account on or before the third Business Day prior to each September 1 during each Bond Year ending on a date on which Serial Bonds mature, the amount necessary to cause the amount then being credited to the Principal Account, together with the investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the last day of the Bond Year (but only to the extent that (i) such amount or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the principal amount of Serial Bonds Outstanding which will mature on the last day of such Bond Year, subject to appropriate adjustment for the initial Serial Bond maturity if the period prior to such date is other than twelve full months. Moneys in the Principal Account shall be used to retire Serial Bonds by payment at their scheduled maturity.

(c) Sinking Fund Account. The Bond Trustee shall deposit to the Sinking Fund Account on or before the third Business Day prior to each September 1 during each Bond Year ending on a date which is a Sinking Fund Account Retirement Date, the amount necessary to cause the amount credited to the Sinking Fund Account, together with investment earnings on investments then on deposit in the Sinking Fund Account, if such earnings will be received before the last day of the Bond Year (but only to the extent that (i) such amount or investment

earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the unsatisfied Sinking Fund Account Requirements to be satisfied on or before the last day of such Bond Year, subject to appropriate adjustment for the initial Sinking Fund Account Retirement Date if the period prior to such date is other than 12 full months. Moneys in the Sinking Fund Account shall be used to retire Term Bonds by purchase, by mandatory redemption or by payment at their scheduled maturity.

The Bond Trustee may, and upon direction of the Borrower shall (for a reasonable period following such direction and at the expense of the Borrower) use reasonable efforts to, apply moneys credited to the Sinking Fund Account to purchase Term Bonds identified by the Borrower in satisfaction of Sinking Fund Account Requirements for such Term Bonds for a Sinking Fund Account Retirement Date. The Bond Trustee shall not so purchase any Term Bond at a price or cost (including any brokerage fees or commissions or other charges) which exceeds the principal amount thereof plus interest accrued to the date of purchase. Such accrued interest shall be paid from the Interest Account. The principal amount of Term Bonds of each maturity so purchased shall be credited against the unsatisfied balance of Sinking Fund Account Requirements for such maturity in any order directed by the Borrower.

(d) Entrance Fee Redemption Account. On the Entrance Fee Transfer Dates under the Amended and Restated Master Trust Indenture, the Bond Trustee shall receive amounts from the Master Trustee for deposit to the Entrance Fee Redemption Account to be applied as set forth in Section 3.03(b) hereof.

(e) Redemption Account. If the Borrower makes an optional prepayment of any installment on Obligation No. 5, the amount so paid shall be credited to the Redemption Account and applied promptly by the Bond Trustee, first, to cause the amounts credited to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund, in that order, to be not less than the amounts then required to be credited thereto and, then to retire Series 2021A Bonds by purchase, redemption or both purchase and redemption in accordance with the Borrower's directions. Any such purchase shall be made at the best price obtainable with reasonable diligence and no Series 2021A Bond shall be so purchased at a cost or price (including brokerage fees or commissions or other charges) which exceeds the Redemption Price at which such Series 2021A Bond could be redeemed on the date of purchase or on the next succeeding date upon which such Bond is subject to optional redemption plus accrued interest to the date of purchase. Any such redemption shall be of Series 2021A Bonds then subject to optional redemption at the Redemption Price then applicable for optional redemption of such Series 2021A Bonds.

(f) Use of Moneys in the Entrance Fee Redemption Account, Principal Account and the Interest Account. Moneys in the Entrance Fee Redemption Account, including moneys transferred to the Bond Trustee by the Master Trustee or by the Borrower for deposit to the

Entrance Fee Redemption Account, shall be used solely for the payment of the principal of and interest on the Series 2021B-1 Bonds and the Series 2021B-2 Bonds. The Series 2021B-2 Bonds shall be redeemed in full prior to any redemption of the Series 2021B-1 Bonds pursuant to this Section and Section 3.03(b) 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 respective series of Bonds on a pro rata basis with the pro ration based upon the outstanding principal amounts of such series.

The principal amount of any Term Bonds so purchased or redeemed shall be credited against the unsatisfied balance of Sinking Fund Account Requirements for such maturity in any order directed by the Borrower.

Any balance remaining in the Redemption Account after the purchase or redemption of Series 2021A Bonds in accordance with the Borrower's directions, or in any event on the day following the Bond Payment Date next succeeding the prepayment by the Borrower, shall be transferred to the Interest Account.

SECTION 5.04. APPLICATION OF FUNDS AND ACCOUNTS TO REDEEM ALL BONDS OUTSTANDING. Notwithstanding the provisions of Section 5.03 hereof, if on any date the aggregate of moneys and Permitted Investments held by the Bond Trustee hereunder (valued at their market value for purposes of this Section) are sufficient to redeem all Bonds Outstanding on the date Bonds are subject to redemption after giving effect to the required notice of redemption period as provided in Section 3.08 hereof, and to pay or discharge all other obligations, if any, of the Issuer hereunder, then the Bond Trustee shall, at the direction of the Borrower, sell all Permitted Investments held by it and the proceeds and all other moneys held by the Bond Trustee hereunder shall be applied to redeem all Bonds Outstanding as provided in Section 3.02 hereof and to pay or discharge such other obligations.

SECTION 5.05. BOND TRUSTEE'S ACCESS TO MONEY IN THE DEBT SERVICE RESERVE FUND. Upon the issuance of the Series 2021A Bonds an amount equal to the Debt Service Reserve Fund Requirement shall be deposited to the credit of the Debt Service Reserve Fund held under the Master Trust Indenture and from the proceeds of the Bonds as set forth in Section 5.02(i) hereof. The Series 2021B Bonds are not secured by such Debt Service Reserve Fund.

The Master Trustee, pursuant to the provisions of the Master Trust Indenture shall provide the Bond Trustee with funds in order to allow the Bond Trustee to use such amounts in the Debt Service Reserve Fund to make transfers to the Interest Account, the Principal Account and the Sinking Fund Account which secure the Series 2021A Bonds to the extent necessary to pay interest on and principal of (whether at maturity, by acceleration or in satisfaction of the Sinking Fund Requirement therefor) the Series 2021A Bonds whenever and to the extent that the money on deposit in the Interest Account, the Principal Account and the Sinking Fund

Account is insufficient for such purposes. The Bond Trustee shall provide notice to the Master Trustee of the amount of the insufficiency.

SECTION 5.06. INVESTMENT OF MONEYS HELD BY THE BOND TRUSTEE. (a) Moneys in all Funds and Accounts held by the Bond Trustee shall be invested by the Bond Trustee, as soon as possible upon receipt in Permitted Investments as directed, in writing or by Electronic Means, promptly confirmed in writing by the Borrower. Such direction may be in the form of a standing direction. The Bond Trustee shall promptly notify the Borrower if it has not received such direction, but while pending receipt of such direction, shall hold such funds uninvested.

(b) The Bond Trustee may make any investment permitted by this Section, through or with its own or any of its affiliate's commercial banking or investment departments unless otherwise directed by the Borrower.

(c) Except as otherwise specifically provided herein, in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein shall be valued at the face value or the current market value thereof, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest. If an investment agreement is ever a Permitted Investment, it shall be valued at the unpaid amount thereof.

(d) The Bond Trustee shall use reasonable efforts to sell at a fair market price, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

(e) Neither the Bond Trustee nor the Issuer shall knowingly use or direct or permit the use of any moneys of the Issuer in its possession or control in any manner which would cause any Bond to be an "arbitrage bond" within the meaning ascribed to such term in Section 148 of the Code, or any successor section of the Code.

(f) Notwithstanding any provision of this Bond Indenture, the Issuer shall observe its covenants and agreements contained in the Tax Agreement, to the extent that and for so long as such covenants and agreements are required by law, subject to the provisions of the Tax Agreement, Article VI hereof and Section 7.13 hereof.

SECTION 5.07. LIABILITY OF BOND TRUSTEE FOR INVESTMENTS. The Bond Trustee shall not be liable for the making of any investment authorized by the provisions of this Article V in the manner provided in this Article V or for any loss resulting from any such investment so made, except for its own negligence or willful misconduct.

SECTION 5.08. INVESTMENT INCOME. Except as otherwise provided herein, interest income and gain received, or loss realized, from investments of moneys in any Fund or Account shall be credited, or charged, as the case may be, to such respective Fund or Account. All income and gain from investment of the Interest Account shall be retained in the Interest Account and credited against the interest component of the next forthcoming Obligation No. 5 Payment and Obligation No. 6 Payment. Investment income credited to any of the Interest Account, the Principal Account, the Sinking Fund Account or Entrance Fee Redemption Account shall be retained in such Account and shall be a credit against the next forthcoming Obligation No. 5 Payment and Obligation No. 6 Payment, as applicable to be deposited to such respective Account.

ARTICLE VI GENERAL COVENANTS OF THE ISSUER

SECTION 6.01. PAYMENT OF PRINCIPAL AND INTEREST. Subject to the limited sources of payment specified herein, the Issuer covenants that it will promptly pay or cause to be paid, but only from and to the extent of such limited sources of payment, the principal of, premium, if any, and interest on each Bond issued hereunder at the place, on the dates and in the manner provided herein and in said Bonds according to the terms hereof and thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from the Pledged Revenues held by the Bond Trustee hereunder, all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the Bonds shall be construed as assigning or pledging any other funds or assets of the Issuer.

SECTION 6.02. PERFORMANCE OF COVENANTS. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein in each and every Bond executed, authenticated and delivered hereunder and in all proceedings of the Issuer pertaining thereto. Except for the covenant of the Issuer set forth in Section 6.01 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 in writing by the Borrower 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 indemnified and reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument.

SECTION 6.03. INSTRUMENTS OF FURTHER ASSURANCE. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require pursuant to an Opinion of Counsel (but only after compliance with Section 6.02 hereof) for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bond Trustee the Issuer's interest in and to the Obligation No. 5 Payments or Obligation No. 6 Payment, the Pledged Revenues and all other

interests, revenues and receipts pledged hereby to the payment of the principal, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein.

SECTION 6.04. PROTECTION OF LIEN. The Issuer hereby agrees not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof except as otherwise specifically provided herein. The Issuer agrees that no obligations the payment of which is secured by Pledged Revenues will be issued by it except Bonds in lieu of, or upon transfer of registration or exchange of, any Bond as provided herein. The Issuer agrees to cooperate with the Borrower in the filing of any Uniform Commercial Code financing or continuation statements necessary or appropriate to continue the perfection of the lien created under this Bond Indenture at the sole expense of the Borrower.

ARTICLE VII DEFAULT AND REMEDIES

SECTION 7.01. BOND INDENTURE EVENTS OF DEFAULT. Each of the following is hereby declared a "Bond Indenture Event of Default" hereunder:

(a) If payment in respect of any installment of interest on any Bond shall not be made in full when the same becomes due and payable;

(b) If payment in respect of the principal of or redemption premium, if any, on any Bond shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise;

(c) If the Issuer shall fail duly to observe or perform any other covenant or agreement on its part under this Bond 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 Issuer and the Borrower by the Bond Trustee or to the Issuer, the Borrower and the Bond Trustee by the Holders of at least 25 percent in aggregate principal amount of Bonds then Outstanding. If the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given but is capable of a cure, it shall not be a Bond Indenture Event of Default as long as the Borrower has taken active steps within the 30 days after written notice has been given to remedy the failure and is diligently pursuing such remedy for no longer than the one-year period after such notice has been given;

(d) If there occurs an Agreement Event of Default pursuant to Section 6.01 of the Agreement.

SECTION 7.02. ACCELERATION; ANNULMENT OF ACCELERATION. (a) Upon the occurrence of a Bond Indenture Event of Default, the Bond Trustee may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then

Outstanding, shall, declare an acceleration of the payment of the principal of the Bonds, and then, without any further action, all Bonds Outstanding shall become and be immediately due and payable, anything in the Bonds or herein to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which accrues to the date of payment. The Bond Trustee shall (i) give written notice of such acceleration to the Issuer, the Registrar, the Master Trustee and the Borrower and the Registrar shall give notice to the Bondholders in the same manner as for a notice of redemption under Article III hereof stating the accelerated date on which Obligation No. 5 or Obligation No. 6 and the Bonds shall be due and payable and (ii) take all actions entitled to the holders of Obligation No. 5 or Obligation No. 6 under the terms of the Master Indenture.

(b) At any time after the principal of Obligation No. 5 and the Bonds shall have been so declared to be due and payable, if the declaration that Obligation No. 5 is immediately due and payable is annulled in accordance with the provisions of the Master Indenture, the declaration that the Bonds are immediately due and payable shall also, without further action, be annulled and the Registrar shall promptly give notice of such annulment in the same manner as provided in subsection (a) of this Section for giving notice of acceleration. No such annulment shall extend to or affect any subsequent Bond Indenture Event of Default or impair any right consequent thereon.

SECTION 7.03. RIGHTS OF BOND TRUSTEE CONCERNING OBLIGATION NO. 5 AND OBLIGATION NO. 6. The Bond Trustee, as pledgee and assignee for security purposes of all the rights, title and interest of the Issuer in and to the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and Obligation No. 6 delivered thereunder, shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article VII, be the sole real party in interest in respect of, and shall have standing to enforce each and every right granted to, the Issuer under the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and under Obligation No. 6 delivered thereunder. 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 Obligation No. 5 or Obligation No. 6, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6 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. In exercising such rights and the rights given the Bond Trustee under this Article VII, 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 Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and

Obligation No. 6, Obligation No. 5 and Obligation No. 6, together with the security and remedies afforded to the holder of Obligation No. 5 or Obligation No. 6 thereunder.

SECTION 7.04. ADDITIONAL REMEDIES AND ENFORCEMENT OF REMEDIES.

(a) Upon the occurrence and continuance of any Bond Indenture Event of Default, the Bond Trustee may, and upon the written request of the Holders of not less than 25 percent in an aggregate principal amount of the Bonds Outstanding, together with indemnification of the Bond Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders hereunder and under the Act and the Bonds by such suits, actions or proceedings as the Bond Trustee, being advised by counsel, shall deem expedient, including but not limited to the following, subject to Section 7.13 hereof:

- (i) Civil action to recover money or damages due and owing;
- (ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Bonds;
- (iii) Enforcement of any other right of the Bondholders conferred by law or hereby; and
- (iv) Enforcement of any other right conferred by the Agreement.

(b) Regardless of the happening of a Bond Indenture Event of Default, the Bond Trustee, if requested in writing by the Holders of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding, shall upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders; *provided* that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Bond Trustee, is not unduly prejudicial to the interest of the Holders of Bonds not making such request.

SECTION 7.05. APPLICATION OF REVENUES AND OTHER MONEYS AFTER

DEFAULT. During the continuance of a Bond Indenture Event of Default all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of the costs and expenses (including attorneys' fees and such attorneys' fees incurred in any bankruptcy proceeding) of the proceedings which result in the collection of such moneys, of the fees, expenses and advances incurred or made by the Bond Trustee and the Issuer with respect thereto and the payment of all other fees and expenses of the Bond Trustee and the Issuer under this Bond Indenture, be deposited in the Bond Fund, and all amounts held by the Bond Trustee hereunder shall be applied as follows:

(a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal amounts or Redemption Price of any Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal amounts of all Outstanding Bonds shall have become or have been declared due and payable, to the payment of the principal amounts and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amounts and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal amounts of all Outstanding 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 VII, then, subject to the provisions of paragraph (b) of this Section in the event that the principal amounts of all Outstanding Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Bond Trustee shall determine, having due regard for 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 a Bond 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 principal amounts to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement of any partial payment or for

cancellation if fully paid. Any discretion permitted or available to the Bond Trustee pursuant to this Section to apply moneys shall not permit the Bond Trustee to fail to liquidate investments in any of the Funds or Accounts hereunder and apply amounts credited to such Funds and Accounts to the payment of principal of and interest on the Bonds on any Bond Payment Date.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Bond Trustee and the Issuer have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Borrower or as a court of competent jurisdiction may direct.

SECTION 7.06. REMEDIES NOT EXCLUSIVE. No remedy by the terms hereof conferred upon or reserved to the Bond Trustee or the Bondholders is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute (including the Act) on or after the date hereof.

SECTION 7.07. REMEDIES VESTED IN THE BOND TRUSTEE. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Bond Trustee may be brought in its name as the Bond Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 7.05 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

SECTION 7.08. BONDHOLDERS' CONTROL OF PROCEEDINGS. If a Bond Indenture Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Bond Trustee to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof, provided that such direction is in accordance with law and the provisions hereof (including indemnity to the Bond Trustee as provided herein) and, provided further that nothing in this Section shall impair the right of the Bond Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Bondholders.

SECTION 7.09. INDIVIDUAL BONDHOLDER ACTION RESTRICTED. (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder unless:

(i) a Bond Indenture Event of Default has occurred and is continuing (A) under subsection (a) or (b) of Section 7.01 hereof of which the Bond Trustee is deemed to have notice, or (B) under subsection (c) or (d) of Section 7.01 hereof as to which the Bond Trustee has actual knowledge or as to which the Bond Trustee has been notified in writing;

(ii) the Holders of at least 25 percent in aggregate principal amount of Bonds Outstanding shall have made written request to the Bond Trustee to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Bond Trustee indemnity as provided in Section 8.02 hereof;

(iv) the Bond Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 30 days after receipt by it of such request and offer of indemnity; and

(v) during such 30-day period no direction inconsistent with such written request has been delivered to the Bond Trustee by the Holders of a majority in aggregate principal amount of Bonds then Outstanding in accordance with Section 7.08 hereof.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds.

SECTION 7.10. TERMINATION OF PROCEEDINGS. In case any proceeding taken by the Bond Trustee on account of a Bond Indenture Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee or to the Bondholders, then the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Bond Trustee and the Bondholders with respect to subsequent Bond Indenture Events of Default shall continue as if no such proceeding had been taken.

SECTION 7.11. WAIVER OF BOND INDENTURE EVENT OF DEFAULT. (a) No delay or omission of the Bond Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Bond Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Bond Indenture Event of Default or an acquiescence therein. Every power and remedy given by this Article VII to the Bond Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Bond Trustee may waive any Bond Indenture Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Bond Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, shall waive any Bond Indenture Event of Default hereunder and its consequences; *provided, however*, that, except under the circumstances set forth in Section 7.02(b) hereof, a default in the payment of the principal amount of, premium, if any, or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Bond Trustee of a Bond Indenture Event of Default hereunder, the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Bond Indenture Event of Default or impair any right consequent thereon. The Bond Trustee shall not be responsible to any one for waiving or refraining from waiving any Bond Indenture Event of Default in accordance with this Section.

SECTION 7.12. NOTICE OF DEFAULT. (a) Promptly, but in any event within 30 days after (i) the occurrence of a Bond Indenture Event of Default under Section 7.01(a) or (b) hereof, of which the Bond Trustee is deemed to have notice, or (ii) receipt, in writing, by the Bond Trustee at its Corporate Trust Office from the Issuer or the Borrower or the Holders of 25 percent or more in aggregate principal amount of the Bonds then Outstanding of actual knowledge by a corporate trust officer of notice of a Bond Indenture Event of Default under Section 7.01(c) or (d) hereof, the Bond Trustee shall, unless such Bond Indenture Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of a Bond then Outstanding; *provided that*, except in the case of a default in the payment of principal amounts, Sinking Fund Account Requirements, or the Redemption Price of or interest on any of the Bonds, the Bond Trustee may withhold such notice to such Holders if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Bond Trustee shall promptly notify the Master Trustee, the Issuer and the Borrower of (i) the occurrence of a Bond Indenture Event of Default under Section 7.01(a) or (b) hereof and (ii) when the Bond Trustee has received actual knowledge or notice, in writing or otherwise, of a Bond Indenture Event of Default under Section 7.01(c) or (d) hereof.

SECTION 7.13. LIMITATION OF THE ISSUER'S LIABILITY. No agreements or provisions contained herein nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except with respect to the Pledged Revenues and their application as provided herein. No failure of the Issuer to comply with any term, covenant or agreement herein or in any document executed by the Issuer in connection with the Project, shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered solely from the Pledged Revenues. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, and subject to Section 7.09 hereof, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable solely from the Pledged Revenues.

SECTION 7.14. LIMITATIONS ON REMEDIES. It is the purpose and intention of this Article VII to provide rights and remedies to the Bond Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Bond Trustee and the Bondholders shall be entitled as above set forth, to every other right and remedy provided in this Bond Indenture and by law.

ARTICLE VIII THE BOND TRUSTEE

SECTION 8.01. ACCEPTANCE OF TRUST; GENERAL. By execution hereof, the Bond Trustee shall evidence the acceptance of the powers, duties and obligations of the Bond Trustee as set forth herein and in the Agreement, but only upon the terms and conditions set forth herein. All Bonds shall be authenticated by the Authenticating Agent before delivery in the manner and form provided herein. The Bond Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Bond Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Bond Trustee for the purpose of such payment. The Bond Trustee hereby agrees to the provisions of the Agreement relating to it. Every provision of this Bond Indenture relating to the Bond Trustee and its conduct or executing its obligations shall be subject to this Article VIII.

The Bond Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Bond Trustee's own negligence or willful misconduct. The duties and obligations of the Bond Trustee shall be determined solely by the express provisions hereof and of the Agreement and no implied covenants or obligations against the Bond Trustee shall be read into this Bond Indenture or the Agreement. The permissive rights of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty. The Bond Trustee shall, prior to any event of default and after the curing of all events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Bond Indenture, and no implied covenants or duties shall be read into this Bond Indenture against the Bond Trustee. The Bond Trustee shall, during the existence of any event of default which has not been cured, exercise such of the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own business affairs

The Bond Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bond Trustee. The Bond Trustee shall not be required to give any bond or surety under this Bond Indenture.

Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor Bond Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

The Borrower shall be responsible for filing any financial statements, amendments, continuations, or terminations to be filed in conjunction with the execution and delivery of this Bond Indenture, and shall provide the Bond Trustee with any filed copies thereof. The Bond Trustee shall not be required to take any actions to continue any financing statements filed in conjunction with the execution and delivery of this Bond Indenture and as to which the Bond Trustee is provided a filed copy thereof by the Borrower.

SECTION 8.02. THE BOND TRUSTEE NOT REQUIRED TO TAKE ACTION UNLESS INDEMNIFIED. Except as expressly required herein or in the Agreement, the Bond Trustee shall neither be required to institute any suit or action or other proceeding hereunder or appear in any suit or action or other proceeding in which it may be a defendant or plaintiff, at

the direction of the Issuer or the Holders, or to take any steps to enforce its rights and expose it to liability, nor shall the Bond Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel fees and expenses and other fees, other disbursements including its own reasonable fees and against all liabilities and damages. The Bond Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Bond Trustee, without prior assurance of indemnity, and in such case the Borrower shall reimburse the Bond Trustee for all reasonable out-of-pocket costs, expenses, outlays, counsel fees and expenses and other fees, and other reasonable disbursements including its own reasonable fees, and for all liabilities and damages suffered by the Bond Trustee in connection therewith, except for liabilities or damages directly caused by the Bond Trustee's negligence or willful misconduct. If the Bond Trustee begins, appears in or defends such a suit, the Bond Trustee shall give reasonably prompt notice of such action to the Issuer and the Borrower, and shall give such notice prior to taking such action if possible. If the Borrower shall fail to make such reimbursement, the Bond Trustee, subject to the limitations in Section 8.08 hereof, may reimburse itself from any surplus money created hereby; *provided, however*, that if the Bond Trustee shall collect any amounts or obtain a judgment, decree or recovery, by exercising the remedies available to it hereunder, the Bond Trustee shall have a first claim upon the amount recovered for payment of its reasonable costs, expenses and fees incurred (including attorneys' fees for all actions including bankruptcy proceedings).

SECTION 8.03. EMPLOYMENT OF EXPERTS. The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder by or through agents, attorneys, receivers or employees. The Bond Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Bond Trustee), and such other agents as it may deem necessary to carry out any of its obligations hereunder, and shall be reimbursed by the Borrower for all reasonable out-of-pocket expenses and charges in so doing. The Bond Trustee shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Bond Trustee.

The Bond Trustee may consult with counsel, and the written advice of such counsel with respect to any Opinion of Counsel shall be full and complete authorization and protection in respect to any action taken or not taken by the Bond Trustee hereunder in good faith and in reliance thereon.

SECTION 8.04. ENFORCEMENT OF PERFORMANCE BY OTHERS. It shall not be the duty of the Bond Trustee, except as herein or in the Agreement provided, to see that any duties and obligations herein imposed upon the Issuer or the Borrower are performed.

SECTION 8.05. RIGHT TO DEAL IN BONDS AND TAKE OTHER ACTIONS. The Bond Trustee may in good faith buy, sell or hold and deal in any Bonds with like effect as if it

were not such Bond Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Bond Trustee were not the Bond Trustee. It is understood and agreed that no provision hereof or of the Agreement is to be construed to limit or restrict the right of the Bond Trustee to engage in such business with the Issuer, the Master Trustee, the Borrower or any Holder. So engaging in such business shall not, in and of itself, and so long as the Bond Trustee duly performs all of its duties as required hereby and by the Agreement, constitute a breach of trust on the part of the Bond Trustee.

SECTION 8.06. REMOVAL AND RESIGNATION OF THE BOND TRUSTEE. The Bond Trustee may resign or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Bonds then Outstanding (for purposes of this sentence, DTC shall not be deemed a Holder of the Bonds, but rather the Beneficial Owner shall be deemed to be such Holder(s) of the Bonds). Written notice of such resignation or removal shall be given to the Issuer and the Borrower and such resignation or removal shall take effect upon the appointment and qualification of a successor Bond Trustee. In the event a successor Bond Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Bond Trustee, the Issuer or the Borrower may apply to any court of competent jurisdiction for the appointment of a successor Bond Trustee to act until such time as a successor is appointed as provided in this Section.

If the Bond Trustee has or shall acquire any conflicting interest, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in this Section. Notwithstanding the preceding sentence, the Bond Trustee shall not be required to eliminate any such conflicting interest or to resign in the event that the duty of the Bond Trustee and its interest as trustee of another trust (including, without limitation, the trust created by the Master Indenture) conflict in the exercise of any trust power hereunder as Bond Trustee, if the Bond Trustee obtains prior court authorization pursuant to Section 737.403, Florida Statutes (or any applicable successor statute) to exercise such power. A conflicting interest shall not be deemed to have arisen by virtue of a commercial banking relationship between the Obligated Group and the Bond Trustee or any of its affiliates or because the Bond Trustee may also serve as the Master Trustee.

In the event of the resignation or removal of the Bond Trustee or in the event the Bond Trustee is dissolved or otherwise becomes incapable to act as the Bond Trustee, the Borrower shall be entitled to appoint a successor Bond Trustee so long as no Event of Default has occurred and is continuing, and otherwise by the Issuer (at the written direction and expense of the Borrower). In such event, the successor Bond Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding.

If the Holders of a majority of the principal amount of Bonds then Outstanding object to the successor Bond Trustee so appointed by the Borrower and if such Holders designate another Person qualified to act as the Bond Trustee, the Issuer (at the written direction and

expense of the Borrower) shall then appoint as the Bond Trustee the Person so designated by the Holders.

In addition, the Bond Trustee may be removed at any time with or without cause, at the written direction and expense of the Borrower with notice to the Issuer and to the Holders, so long as no Agreement Event of Default or Bond Indenture Event of Default or event which, but for any applicable grace period, would constitute an Agreement Event of Default or Bond Indenture Event of Default, shall have occurred and be continuing.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Bond Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in the State and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Bond Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer and the Borrower an instrument in writing, accepting such appointment hereunder, and thereupon such successor Bond Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Bond Trustee all the rights, powers and trusts of such predecessor. The predecessor Bond Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Bond Trustee. The predecessor Bond Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Bond Trustee. The predecessor Bond Trustee shall deliver all assets in the funds and accounts established under this Bond Indenture to the successor Bond Trustee.

Each successor Bond Trustee, not later than 10 days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond.

SECTION 8.07. PROOF OF CLAIM. The Bond Trustee shall have the right and power to act in its name or in the name and place of the Issuer or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered by the Bond Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Bond Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Holders of Bonds Outstanding.

SECTION 8.08. BOND TRUSTEE'S FEES AND EXPENSES. Any provision hereof to the contrary notwithstanding, if the Borrower fails to make any payment properly due the Bond

Trustee for its reasonable fees and out-of-pocket costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Bond Trustee) incurred in performance of its duties, the Bond Trustee may reimburse itself from any surplus moneys on hand in any Fund or Account created pursuant hereto.

SECTION 8.09. RELIANCE UPON DOCUMENTS. The Bond Trustee may rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Issuer (*i.e.*, an Issuer representative), the Borrower, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Bond Trustee hereby or by the Agreement, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements hereof or of the Agreement. The Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Bond Trustee, however, the Bond Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit. Whenever in the administration hereof, the Bond Trustee shall deem it desirable that a matter be proven or established prior to taking or not taking any action hereunder, the Bond Trustee (unless other evidence be specifically prescribed herein or in the Agreement) may rely upon any document provided for in this Section.

Except where other evidence is required hereby, any request or direction of the Issuer or the Borrower mentioned herein shall be sufficiently evidenced by a certified copy of such request executed by an Issuer Borrower or the Borrower Officer, as the case may be.

SECTION 8.10. RECITALS AND REPRESENTATIONS. The recitals, statements and representations contained herein, in the Agreement or in any Bond (excluding the Authenticating Agent's authentication on the Bonds) shall be taken and construed as made by and on the part of either the Issuer or the Borrower, as the case may be, and not by the Bond Trustee, and the Bond Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Bond Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Agreement or, except as herein required, the filing or recording or registering of any document. The Bond Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or by or under the Agreement or as to the validity or sufficiency of such document. The Bond Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof or the Agreement. The Bond Trustee

shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof.

The Bond Trustee shall not be required to take notice or be deemed to have notice of any Bond Indenture Event of Default hereunder except default in the deposits or payments specified hereunder or under the Agreement, or failure by the Issuer or any Member of the Obligated Group to file with it any of the documents required, or to deposit with it evidence of the insurance policies required hereunder or under the Master Indenture, or any other event of which an officer of the Bond Trustee with responsibility for administering the Bonds has actual knowledge and which, with the giving of notice or lapse of time or both would constitute a Bond Indenture Event of Default, a default under the Agreement or a Master Indenture Event of Default, unless the Bond Trustee shall be specifically notified in writing of such default by the Borrower, by the Issuer or by any Holder of Bonds Outstanding hereunder, 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 at the designated office of the Bond Trustee, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume that there is no Bond Indenture Event of Default except as aforesaid.

SECTION 8.11. DESTRUCTION OF BONDS. Upon payment of or surrender to the Bond Trustee for cancellation of any Bond, the Bond Trustee shall destroy such Bond. At least annually the Bond Trustee shall deliver a certificate of such destruction to the Borrower and the Issuer. Upon surrender of any Bond to a Paying Agent for payment, such Bond shall be cancelled by the Paying Agent and delivered to the Bond Trustee for destruction.

SECTION 8.12. REPORTS. The Bond Trustee shall, not later than the tenth (10th) Business Day of each month, prepare and submit to the Borrower reports covering all moneys received and all payments, expenditures and investments made as the Bond Trustee hereunder since the last previous such report.

SECTION 8.13. RIGHTS, IMMUNITIES AND DUTIES OF PAYING AGENT, REGISTRAR AND AUTHENTICATING AGENT. The Paying Agent, Registrar and Authenticating Agent undertake to perform only such duties as are expressly set forth herein. The rights and immunities (including, without limitation, the right to indemnity) set forth in this Article VIII shall extend to and govern the duties and obligations of any Paying Agent, Registrar and Authenticating Agent and the Paying Agent, Registrar and Authenticating Agent shall each be entitled to be reimbursed for its reasonable fees and out-of-pocket costs and expenses (including counsel fees and expenses) incurred in connection with its duties hereunder. Any Paying Agent, Registrar and Authenticating Agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving at least 60 days written notice to the Issuer, the Bond Trustee and the other Paying Agents. Any Paying Agent, Registrar or Authenticating Agent may be removed at any time by an instrument filed with such Paying Agent, Registrar or Authenticating Agent and the Bond Trustee and signed by

the Borrower. Any financial institution may be named as a Paying Agent, Registrar or Authenticating Agent by an instrument filed with such financial institution and the Bond Trustee and signed by the Borrower. In the event of the resignation or removal of any Paying Agent, Registrar or Authenticating Agent such Paying Agent, Registrar or Authenticating Agent shall pay over, assign and deliver any moneys held by it as Paying Agent, Registrar or Authenticating Agent to its successor, or if there be no successor, to the Bond Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, Registrar or Authenticating Agent, the Bond Trustee shall act as such.

ARTICLE IX THE PAYING AGENT

SECTION 9.01. THE PAYING AGENT. (a) The Bond Trustee is hereby appointed the Paying Agent. Each Paying Agent appointed in accordance with this Bond Indenture shall designate its Corporate Trust Office and signify its acceptance of the duties and obligations imposed upon it as described herein by a written instrument of acceptance delivered to the Issuer, the Bond Trustee and the Borrower under which each Paying Agent will agree, particularly to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Bond Trustee and the Borrower.

(b) So long as no Event of Default has occurred and continuing, each successor Paying Agent shall be appointed by the Borrower, and otherwise by the Issuer. Each Paying Agent shall be a commercial bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$25,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Indenture. Subject to the next succeeding paragraph, any Paying Agent may resign at any time, and be discharged of the duties and obligations created by this Bond Indenture by giving at least 60 days' written notice to the Issuer, the Borrower and the Bond Trustee. Subject to the next succeeding paragraph, any Paying Agent may be removed at any time, by an instrument signed by the Borrower and filed with the Bond Trustee and the Issuer.

Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and/or Bonds held by it in such capacity to its successor. In the event of the resignation of a Paying Agent who is also serving in the capacity of Bond Trustee, the Bond Trustee shall also tender its resignation in accordance with the provisions of this Bond Indenture. No such resignation or removal shall be effective until a successor has been appointed and accepted such duties.

(c) Any corporation, association, partnership or firm which succeeds to the business of the Paying Agent as a whole or substantially as a whole, whether by sale, merger,

consolidation or otherwise, shall thereby become vested with all the properties, rights and powers of such Paying Agent hereunder.

(d) In the event that the Paying Agent shall resign, be removed or be dissolved, or if the properties or affairs of the Paying Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower shall not have appointed its successor, the Issuer (at the written direction and expense of the Borrower) shall appoint a successor and, if no appointment is made within 30 days, the Paying Agent shall apply to a court of competent jurisdiction for such appointment.

SECTION 9.02. ACTIONS OF PAYING AGENT. The Paying Agent may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if such entity were not appointed to act in such capacity under this Bond Indenture.

ARTICLE X SUPPLEMENTS

SECTION 10.01. SUPPLEMENTS NOT REQUIRING CONSENT OF BONDHOLDERS. The Issuer (at the written direction and expense of the Borrower) and the Bond Trustee may, without the consent of or notice to any of the Holders, but only with the consent of the Borrower as to paragraphs (c), (d), (f), (g) and (h) below, enter into one or more Supplements for one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission herein;
- (b) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder which shall not materially adversely affect the interests of the Holders or the Borrower;
- (c) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;
- (d) to secure additional revenues or provide additional security or reserves for payment of the Bonds;
- (e) to preserve the exemption of the interest income borne on the Bonds from federal income taxes;
- (f) to implement any amendments or supplements necessary or appropriate to conform to amendments or supplements to the Master Indenture permitted by the Master Indenture;

(g) to qualify this Bond Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect;

(h) to discontinue the book-entry only system of registration of the Bonds;

(i) to obtain or maintain a rating on the Bonds; and

(j) any other amendments that do not materially or adversely affect the rights of the Bondholders or the security for the Bonds.

SECTION 10.02. SUPPLEMENTS REQUIRING CONSENT OF BONDHOLDERS. (a) Other than Supplements referred to in Section 10.01 hereof and subject to the terms and provisions and limitations contained in this Article X and not otherwise, the Borrower and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Bond Trustee of such Supplements as shall be deemed necessary and desirable by the Issuer (at the written direction and expense of the Borrower) for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; *provided, however,* nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond;

(ii) prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding.

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 (i) through (iii) above may be made with respect to an Outstanding Bond 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 any Bond over any other Bond and no such amendment described in clauses (i)

through (iii) shall result in a disproportionate change, reduction or modification with respect to any Bond.

(b) If at any time the Issuer shall request the Bond Trustee to enter into a Supplement pursuant to this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplement to be mailed by first class mail, postage prepaid, to DTC as the registered owner, or if DTC is no longer the registered owner there to all Holders of Bonds then Outstanding at their addresses as they appear on the registration books herein provided for. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail, or the failure of such Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplement when consented to and approved as provided in this Section. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the Corporate Trust Office of the Bond Trustee for inspection by all Bondholders.

(c) If within such period, as shall be prescribed by the Borrower, following the mailing of such notice, the Bond Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Bonds specified in Section 10.02(a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Bond Trustee, thereupon, but not otherwise, the Bond Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Bond giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Bond Trustee, prior to the execution by the Bond Trustee of such Supplement, such revocation. At any time after the Holders of the required principal amount or number of Bonds shall have filed their consents to the Supplement, the Bond Trustee shall make and file with the Issuer a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required principal amount or number of the Bonds Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder of any Bond shall have any right to object to the execution thereof, or 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 AND EFFECT OF SUPPLEMENTS. (a) In executing any Supplement permitted by this Article X, the Bond Trustee and the Issuer shall be entitled to receive and to rely upon an Opinion of Bond Counsel stating that the execution of such Supplement is authorized or permitted hereby and does not adversely impact the tax-exempt status of the interest on the Bonds. The Bond Trustee and the Issuer may, but shall not be obligated to, enter into any such Supplement which affects the rights, duties or immunities of each.

(b) So long as no Bond Indenture Event of Default exists and the Borrower is not in default under the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 or Obligation No. 6, any Supplement under this Article X which adversely affects the rights of the Borrower under the Agreement shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of such Supplement. In this regard the Bond Trustee shall cause notice of the proposed execution and delivery of any such Supplement, together with a copy of the proposed Supplement, to be delivered to the Borrower at least 15 days prior to the date of its proposed execution and delivery, in the case of a Supplement referred to in Section 10.01 hereof and not later than the date of mailing of the notice of the proposed execution and delivery in the case of a Supplement referred to in Section 10.02 hereof.

(c) Upon the execution and delivery of any Supplement in accordance with this Article X, the provisions hereof and in the Bonds relating thereto shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of a Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(d) Any Bond authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article X may, and if required by the Issuer or the Bond Trustee shall, bear a notation in form approved by the Issuer and Bond Trustee as to any matter provided for in such Supplement. If the Issuer shall so determine, new Bonds so modified as to conform in the Opinion of Bond Counsel to any such Supplement may be prepared and executed by the Issuer and authenticated and delivered by the Authenticating Agent in exchange for and upon surrender of Bonds then Outstanding.

SECTION 10.04. AMENDMENTS TO AGREEMENT NOT REQUIRING CONSENT OF BONDHOLDERS. The Issuer (at the written direction and expense of the Borrower) and the Bond Trustee may, without the consent of or notice to any of the Holders, consent to and join in the execution and delivery by the Borrower of any amendment, change or modification of the Agreement as may be required (i) by the provisions hereof or of the Agreement; (ii) to

cure any ambiguity or formal defect or omission therein; (iii) to preserve the exemption of the interest borne on the Bonds from federal income taxes; or (iv) in connection with any other change therein as to which there is filed with the Bond Trustee and the Issuer either an Opinion of Counsel or other appropriate consultant stating that the proposed change will not adversely affect the interests of the Holders.

SECTION 10.05. AMENDMENTS TO AGREEMENT REQUIRING CONSENT OF BONDHOLDERS. (a) Except for amendments, changes or modifications to the Agreement referred to in Section 10.04 hereof, the Issuer (at the written direction and expense of the Borrower) and the Bond Trustee may consent to and join in the execution and delivery by the Borrower of any amendment, change or modification to the Agreement only upon the consent of not less than a majority in aggregate principal amount of Bonds then Outstanding given as provided in this Section; *provided, however*, no such amendment, change or modification may affect the obligation of the Borrower to make payments under Obligation No. 5 or Obligation No. 6 or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Bonds then Outstanding.

(b) If at any time the Issuer and the Borrower shall request the consent of the Bond Trustee and the Bondholders to any such amendment, change or modification to the Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 10.02 hereof with respect to Supplements hereto. Such notice shall briefly set forth the nature of the proposed amendment, change or modification and shall state that copies thereof are on file at the Corporate Trust Office of the Bond Trustee for inspection by all Bondholders.

(c) If the consent to and approval of the execution of such amendment, change or modification is given by the Holders of not less than the aggregate principal amount of Bonds specified in subsection (a) in the manner as provided by Section 10.02 hereof with respect to Supplements hereto, but not otherwise, such amendment, change or modification may be consented to, executed and delivered upon the terms and conditions and with like binding effect upon the Holders as provided in Sections 10.02 and 10.03 hereof with respect to Supplements hereto.

ARTICLE XI SATISFACTION AND DISCHARGE

SECTION 11.01. DISCHARGE. If payment of all principal of, premium, if any, and interest on the Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article XI, and if all other sums payable by the Issuer hereunder shall be paid or provided for, then the liens, estates and security interests granted hereby shall cease. Thereupon, upon the request of the Issuer (at the written direction and expense of the Borrower), and upon receipt by the Bond Trustee of an Opinion of Bond Counsel

stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Bond Trustee shall execute and deliver proper instruments prepared by or on behalf of the Issuer acknowledging such satisfaction and discharging the lien hereof and the Bond Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Bond Trustee for payment of amounts due or to become due on the Bonds or to the Bond Trustee, to the Issuer, the Borrower or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Bond Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Issuer (at the written direction and expense of the Borrower) or the Borrower may at any time surrender to the Bond Trustee for cancellation any Bonds previously authenticated and delivered which the Issuer or the Borrower may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

SECTION 11.02. PROVIDING FOR PAYMENT OF BONDS. Payment of any or all of the Bonds may be provided for by the deposit with the Bond Trustee of moneys or non-callable Government Obligations or Advance-Refunded Municipal Bonds, or any combination thereof. The moneys and the maturing principal and interest income on such non-callable Government Obligations or Advance-Refunded Municipal Bonds, if any, shall be sufficient to pay when due the principal or Redemption Price of and interest on such Bonds. The moneys, non-callable Government Obligations and Advance-Refunded Municipal Bonds shall be held by the Bond Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of paying the principal or Redemption Price of and interest on such Bonds as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Bond Trustee as to the dates upon which any such Bonds are to be redeemed prior to their respective maturities.

In connection with any advance refunding or defeasance of the Bonds, there shall be delivered to the Bond Trustee a verification report of an independent firm of certified public accountants or other independent qualified consultants, as to the adequacy and sufficiency of the escrow so established. Such verification report shall be delivered and addressed to the Issuer and the Bond Trustee. Also, in connection with any such advance refunding or defeasance an Opinion of Bond Counsel shall be delivered and addressed to the Issuer and the Bond Trustee to the effect that the Bonds are no longer Outstanding under this Bond Indenture.

If payment of the Bonds is so provided for, the Bond Trustee shall mail a notice within 30 days thereafter so stating to each Holder of a Bond.

Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed Outstanding hereunder or secured hereby. Bonds shall be deemed Outstanding under this Bond Indenture unless and until they are in fact paid in full and retired

or the defeasance requirements set forth in this Section are satisfied. The obligation of the Issuer in respect of such Bonds shall nevertheless continue, but the Holders thereof shall thereafter be entitled to payment only from the moneys, Government Obligations or Advance-Refunded Municipal Bonds deposited with the Bond Trustee to provide for the payment of such Bonds.

No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any Bond is made subject to federal income taxes. The Bond Trustee may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Bonds.

SECTION 11.03. PAYMENT OF BONDS AFTER DISCHARGE. Notwithstanding the discharge of the lien hereof as in this Article XI provided, the Bond Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Bond Trustee or any Paying Agent for the payment of the principal of, premium, if any, or interest on any Bond remaining unclaimed for five years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Borrower and the Holders of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Obligated Group for payment thereof as unsecured creditors and all liability of the Bond Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE XII MISCELLANEOUS

SECTION 12.01. EVIDENCE OF ACTS OF BONDHOLDERS. Any request, direction, consent or other instrument provided hereby to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Bond Trustee and the Issuer, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the Person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of all Bonds shall be proved by the register of such Bonds maintained by the Registrar.

Nothing in this Section shall be construed as limiting the Bond Trustee to the proof herein specified, it being intended that the Bond Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Bond Trustee pursuant to any provision hereof, upon the request or with the assent of any Person who at the time is the Holder of any Bond or Bonds shall be conclusive and binding upon all future Holders of the same Bond or Bonds.

For so long as the Bonds are Book-Entry Bonds held by DTC as the registered owner thereof, in the event that any provision of this Bond Indenture or of the Agreement requires the procurement of the consent of all or a certain percentage of Holders or Bondholders, the Bond Trustee shall be entitled to rely (i) upon the written consent given by DTC as the registered owner of such Bonds, (ii) upon the written indication given by DTC that it has obtained the consent of the Beneficial Owners of the requisite principal amount of such Bonds or, (iii) if proof of beneficial ownership satisfactory to the Bond Trustee has been provided to the Bond Trustee, upon the written consent given by the Beneficial Owners of the requisite principal amount of such Bonds.

SECTION 12.02. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Borrower and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and provisions herein contained; this Bond Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Borrower and the Holders of the Bonds as herein provided.

SECTION 12.03. UNRELATED BONDS. Prior to the issuance of the Bonds the Issuer has issued, and subsequent to the issuance of the Bonds the Issuer may issue, bonds in connection with the financing or refinancing of other projects (said bonds together with any bonds heretofore and hereafter issued by the Issuer shall be referred to herein as the "Other Bonds"). Any pledge, mortgage or assignment made in connection with any Other Bonds shall be protected and any funds pledged or assigned for the payment of the Other Bonds will not be used for the payment of principal, premium, if any, or interest on the Bonds. Any pledge, mortgage or assignment made in connection with the Bonds shall be protected and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal, premium or interest on the Other Bonds or any other present or future bonds or obligations of the Issuer except as permitted hereby or by the Master Indenture.

SECTION 12.04. SEVERABILITY. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

SECTION 12.05. HOLIDAYS. When the date on which principal of or interest or premium on any Bond is due and payable is a day on which banking institutions at a place of payment on the Bonds are authorized or required by law to remain closed, payment may be made on Bonds presented at such place of payment on the next ensuing day on which banking institutions at such place are not authorized or required by law to remain closed with effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

SECTION 12.06. GOVERNING LAW. This Bond Indenture and the Bonds are contracts made under the laws of the State and shall be governed and construed in accordance with such laws.

SECTION 12.07. NOTICES. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid (or by facsimile, promptly confirmed by first class mail) and addressed as follows:

(i) If to the Issuer, addressed to:

City of Pompano Beach, Florida
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Manager
Telephone: (954) 786-4600

With a copy to:

Office of City of Pompano Beach City Attorney
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Attorney
Telephone: (954) 786-4600

(ii) If to the Bond Trustee or Master Trustee, addressed to:

U.S. Bank National Association
500 West Cypress Creek Road, Suite 460
Fort Lauderdale, Florida 33309
Attention: U.S. Bank Global Corporate Trust Services
Telephone: (954) 938-2471
Facsimile: (954) 560-8989

(iii) If to the registered Holder of a Bond, addressed to such Holder at the address shown on the registration books of the Registrar kept pursuant hereto.

(iv) If to the Borrower, addressed to:

John Knox Village of Florida, Inc.
651 S.W. 6th Street
Pompano Beach, Florida 33060
Attention: Chief Executive Officer and Chief Financial Officer
Telephone: (954) 783-4020
Facsimile: (954) 783-4097

(v) If to the Paying Agent, addressed to:

U.S. Bank National Association
500 West Cypress Creek Road, Suite 460
Fort Lauderdale, Florida 33309
Attention: U.S. Bank Global Corporate Trust Services
Telephone: (954) 938-2471
Facsimile: (954) 560-8989

(b) The Issuer, the Bond Trustee, the Master Trustee or the Borrower may from time to time by notice in writing to the others designate a different address or addresses for notices hereunder.

SECTION 12.08. COUNTERPARTS. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

SECTION 12.09. IMMUNITY OF INDIVIDUALS. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future member, director, officer, employee, agent or consultant of the Issuer, whether directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Bonds.

SECTION 12.10. BINDING EFFECT. This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein.

SECTION 12.11. BROKERAGE STATEMENTS. 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 upon its written request periodic cash transaction statements that include detail for all investment transactions made by the Bond Trustee hereunder.

SECTION 12.12. PATRIOT ACT REQUIREMENTS. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. The Issuer therefore acknowledges that for a non-individual person such as a business entity, a charity, a trust or other legal entity, the Bond Trustee shall be entitled to 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.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers, and to evidence its acceptance of the trusts hereby created the Bond Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

(SEAL) CITY OF POMPANO BEACH, FLORIDA

By: _____
Name: Rex Hardin
Title: Mayor

ATTEST:

CITY CLERK

By: _____
Name: Asceleta Hammond

[Signature Page | Bond Indenture]

U.S. BANK NATIONAL ASSOCIATION,
as Bond Trustee

By: _____
Name: Robert Hedgecock
Title: Assistant Vice President

[Signature Page | Bond Indenture]

**EXHIBIT A-1 TO BOND INDENTURE
[FORM OF SERIES 2021A BOND]**

United States of America
State of Florida

City of Pompano Beach, Florida
Revenue Bonds (John Knox Village Project), Series 2021A

No. RA-____ \$ _____
BOND DATE: _____, 2021
MATURITY DATE: _____, 20____
INTEREST RATE: ____%
REGISTERED OWNER: Cede & Co.
PRINCIPAL SUM:
CUSIP: _____

KNOW ALL MEN BY THESE PRESENTS that the City of Pompano Beach, Florida (the "Issuer"), a municipal corporation of the State of Florida, created and existing under the Constitution and laws of the State of Florida, for value received hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Sum stated above, and to pay interest on the unpaid balance of said Principal Sum from the Bond Date stated above at the interest rate per annum as provided in the Bond Indenture, payable on the Interest Payment Dates as provided in the Bond Indenture in each year until maturity or until the date fixed for redemption if this bond is called for prior redemption and payment on such date is provided for.

Interest accruing on this bond on and prior to the Maturity Date hereof shall be payable by check drawn upon U.S. Bank National Association, as Paying Agent (the "Paying Agent") and mailed to the registered holder hereof as of the Record Date (as referenced in the Bond Indenture) at the address of such holder as it appears on the books of the Registrar on the date such interest comes due or by wire transfer to the holder of at least \$1,000,000 aggregate principal amount of bonds to the address designated by such holder to the Registrar at or prior to the close of business on the Record Date for such payment. Principal shall be paid when due upon presentation and surrender of this bond for payment at the Corporate Trust Office of the Paying Agent.

This Series 2021A Bond is one of an issue of bonds in the aggregate principal amount of \$_____ designated "City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021A (the "Bonds") authorized and issued to provide funds to aid in the

financing and reimbursing of the cost of certain senior living and health care facilities owned or to be owned and operated by John Knox Village of Florida, Inc., a Florida not-for-profit corporation (the "Borrower") and for other authorized purposes, all pursuant to the Bond Indenture dated as of December 1, 2021 (the "Bond Indenture"), by and between the Issuer and U.S. Bank National Association, as Bond Trustee (the "Bond Trustee"). This Series 2021A Bond and all Bonds of this issue are payable solely from the Trust Estate, as defined in the Bond Indenture. The Borrower, as Obligated Group Representative, has issued the Obligated Group's Obligation No. 5 and Obligation No. 6 to the Bond Trustee to evidence and secure the obligation of the Borrower to the Issuer arising from the Issuer loaning to the Borrower the proceeds of the bonds under the Loan Agreement dated as of December 1, 2021 (the "Agreement"), by and between the Issuer and the Borrower. Obligation No. 5 has been issued to secure the Series 2021A Bonds pursuant to the Agreement, an Amended and Restated Master Trust Indenture, dated as of December 1, 2010, as amended and supplemented (the "Master Indenture"), by and among the Borrower and the other Members of the Obligated Group and U.S. Bank National Association, as successor Master Trustee (the "Master Trustee"), and a Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of December 1, 2021 (the "Supplemental Master Trust Indenture"), by and between the Borrower, as Obligated Group Representative, and the Master Trustee. By the Bond Indenture the Issuer has assigned and pledged to the Bond Trustee, for the ratable benefit of the Holders of the Series 2021A Bonds, the Issuer's interest in the Agreement. Reference is hereby made to the Bond Indenture, the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and Obligation No. 6, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Borrower, the Obligated Group, the Bond Trustee, and the holders of the Series 2021A Bonds. Executed counterparts or certified copies of such instruments are on file at the Corporate Trust Office of the Bond Trustee in Miami, Florida.

All Bonds of the issue of which this Series 2021A Bond is a part are and shall enjoy a co-equal lien on and claim to the Pledged Revenues and share ratably therein without any preference, priority or distinction as to the source or method of payment and security. The Series 2021A Bonds are also secured by the Debt Service Reserve Fund held by the Master Trustee, as more fully described in the Master Indenture and the Supplemental Master Trust Indenture.

The Series 2021A Bonds of this issue are subject to redemption prior to their stated maturity dates, upon the terms and conditions as provided in the Bond Indenture.

In the event of any redemption of less than all outstanding Series 2021A Bonds, any maturity or maturities and amounts within maturities of the Series 2021A Bonds to be redeemed shall be selected by the Bond Trustee at the direction of the Borrower. If less than all the Series 2021A Bonds are to be redeemed, the Series 2021A Bonds to be redeemed shall be identified by reference to the issue designation, date of issue, serial numbers and maturity

dates. Notice of redemption of any Series 2021A Bond of the issue of which this Series 2021A Bond is a part shall be mailed not less than 30 nor more than 45 days prior to the date set for redemption to each registered holder of a Series 2021A Bond to be so redeemed at the address shown on the books of the Registrar provided that failure to so mail or any defect in any such notice shall not affect the validity of the proceedings for the redemption of any Series 2021A Bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively.

This Series 2021A Bond is a limited obligation of the Issuer and does not constitute a debt, liability, or obligation of the State of Florida (the "State"), or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on this Series 2021A Bond except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of this Series 2021A Bond shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

The Holder of this Series 2021A Bond shall have no right to enforce the provisions of the Bond Indenture or to institute an action in equity or at law to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture.

Modifications or amendments of the Bond Indenture or the Agreement may be made only to the extent and in the circumstances permitted by the Bond Indenture.

This Series 2021A Bond must be registered in accordance with the provisions hereof, and may, singly or with other Series 2021A Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered Series 2021A Bonds, upon the terms set forth in the Bond Indenture. Neither the Issuer nor the Registrar shall be required to register or transfer this Series 2021A Bond or exchange other Series 2021A Bonds for this Series 2021A Bond during the period from and after a Record Date to and including the next succeeding Bond Payment Date or if this Series 2021A Bond has been or is being called for redemption.

Capitalized terms used, but not otherwise defined, herein have the respective meanings assigned such terms in the Bond Indenture and the Master Indenture.

IN TESTIMONY WHEREOF, the Issuer has caused this bond to be executed and attested by the manual signature of its Mayor and attested by the manual signature of its Clerk and its corporate seal (or a facsimile thereof) to be hereunto affixed, impressed, imprinted, engraved or otherwise reproduced; and this bond to be authenticated by the manual signature of an authorized officer of the Bond Trustee as the Authenticating Agent, without which authentication this bond shall not be valid nor entitled to the benefits of the Bond Indenture, all as of the Bond Date stated above.

CITY OF POMPANO BEACH, FLORIDA

(SEAL)

By: _____
Name: Rex Hardin
Title: Mayor

ATTEST:

CITY CLERK

By: _____
Name: Asceleta Hammond

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2021A Bonds described in the within-mentioned Bond Indenture.

U.S. BANK NATIONAL ASSOCIATION, as
Bond Trustee

By: _____
Name: _____
Title: _____

Date of Authentication: _____, 2021

[END OF FORM OF SERIES 2021A BOND]

A-1-1

EXHIBIT A-2 TO BOND INDENTURE
[FORM OF SERIES 2021B[-1][-2] BOND]

United States of America
State of Florida

City of Pompano Beach, Florida
Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B[-1][-2]

No. RA-_____ \$ _____
BOND DATE: _____, 2021
MATURITY DATE: _____, 20____
INTEREST RATE: ____%
REGISTERED OWNER: Cede & Co.
PRINCIPAL SUM:
CUSIP: _____

KNOW ALL MEN BY THESE PRESENTS that the City of Pompano Beach, Florida (the "Issuer"), a municipal corporation of the State of Florida, created and existing under the Constitution and laws of the State of Florida, for value received hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Sum stated above, and to pay interest on the unpaid balance of said Principal Sum from the Bond Date stated above at the interest rate per annum as provided in the Bond Indenture, payable on the Interest Payment Dates as provided in the Bond Indenture in each year until maturity.

Interest accruing on this bond on and prior to the Maturity Date hereof shall be payable by check drawn upon U.S. Bank National Association, as Paying Agent (the "Paying Agent") and mailed to the registered holder hereof as of the Record Date (as referenced in the Bond Indenture) at the address of such holder as it appears on the books of the Registrar on the date such interest comes due or by wire transfer to the holder of at least \$1,000,000 aggregate principal amount of bonds to the address designated by such holder to the Registrar at or prior to the close of business on the Record Date for such payment. Principal shall be paid when due upon presentation and surrender of this bond for payment at the Corporate Trust Office of the Paying Agent.

This Series 2021B[-1][-2] Bond is one of an issue of bonds in the aggregate principal amount of \$_____ designated "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B[-1][-2] (the "Bonds") authorized and issued to provide funds to aid in the financing and reimbursing of the cost of certain senior living and health care facilities owned or to be owned and operated by John Knox Village of

A-2-1

Florida, Inc., a Florida not-for-profit corporation (the "Borrower") and for other authorized purposes, all pursuant to the Bond Indenture dated as of December 1, 2021 (the "Bond Indenture"), by and between the Issuer and U.S. Bank National Association, as Bond Trustee (the "Bond Trustee"). This Series 2021B[-1][-2] Bond and all Bonds of this issue are payable solely from the Trust Estate, as defined in the Bond Indenture. The Borrower, as Obligated Group Representative, has issued the Obligated Group's Obligation No. 5 and Obligation No. 6 to the Bond Trustee to evidence and secure the obligation of the Borrower to the Issuer arising from the Issuer loaning to the Borrower the proceeds of the bonds under the Loan Agreement dated as of December 1, 2021 (the "Agreement"), by and between the Issuer and the Borrower. Obligation No. 6 has been issued to secure the Series 2021B[-1][-2] Bonds pursuant to the Agreement, an Amended and Restated Master Trust Indenture, dated as of December 1, 2010, as amended and supplemented (the "Master Indenture"), by and among the Borrower and the other Members of the Obligated Group and U.S. Bank National Association, as successor Master Trustee (the "Master Trustee"), and a Supplemental Indenture for Obligation No. 5 and Obligation No. 6, dated as of December 1, 2021 (the "Supplemental Master Trust Indenture"), by and between the Borrower, as Obligated Group Representative, and the Master Trustee. By the Bond Indenture the Issuer has assigned and pledged to the Bond Trustee, for the ratable benefit of the Holders of the Series 2021B[-1][-2] Bonds, the Issuer's interest in the Agreement. Reference is hereby made to the Bond Indenture, the Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and Obligation No. 6, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Borrower, the Obligated Group, the Bond Trustee, and the holders of the Series 2021B[-1][-2] Bonds. Executed counterparts or certified copies of such instruments are on file at the Corporate Trust Office of the Bond Trustee in Miami, Florida.

All Bonds of the issue of which this Series 2021B[-1][-2] Bond is a part are and shall enjoy a co-equal lien on and claim to the Pledged Revenues and share ratably therein without any preference, priority or distinction as to the source or method of payment and security, provided however the Series 2021B-1 and Series 2021B-2 Bonds are not secured by the Debt Service Reserve Fund held by the Master Trustee pursuant to the terms of the Master Indenture , as supplemented. .

The Series 2021B[-1][-2] Bonds of this issue are not subject to optional redemption prior to their stated maturity dates, and 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 the Series 2021B-1 Bonds or the Series 2021B-2 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 2021B-2 Bonds and second to redeem to the Series 2021B-1 Bonds. Redemption of the Series 2021B-1 Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2021B-2 Bonds have been paid in full. The principal amount of the Series 2021B-1 Bonds and

the Series 2021B-2 Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Series 2021B-1 Bonds or the Series 2021B-2 Bonds for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the date following the immediately preceding Entrance Fee Transfer Date.

This Series 2021B[-1][-2] Bond is a limited obligation of the Issuer and does not constitute a debt, liability, or obligation of the State of Florida (the "State"), or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on this Series 2021B[-1][-2] Bond except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of this Series 2021B[-1][-2] Bond shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

The Holder of this Series 2021B[-1][-2] Bond shall have no right to enforce the provisions of the Bond Indenture or to institute an action in equity or at law to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture.

Modifications or amendments of the Bond Indenture or the Agreement may be made only to the extent and in the circumstances permitted by the Bond Indenture.

This Series 2021B[-1][-2] Bond must be registered in accordance with the provisions hereof, and may, singly or with other Series 2021B[-1][-2] Bonds of this issue, be surrendered to the Registrar and exchanged for other fully registered Series 2021B[-1][-2] Bonds, upon the terms set forth in the Bond Indenture. Neither the Issuer nor the Registrar shall be required to register or transfer this Series 2021B[-1][-2] Bond or exchange other Series 2021B[-1][-2] Bonds for this Series 2021B[-1][-2] Bond during the period from and after a Record Date to and including the next succeeding Bond Payment Date.

Capitalized terms used, but not otherwise defined, herein have the respective meanings assigned such terms in the Bond Indenture and the Master Indenture.

IN TESTIMONY WHEREOF, the Issuer has caused this bond to be executed and attested by the manual signature of its Mayor and attested by the manual signature of its Clerk and its corporate seal (or a facsimile thereof) to be hereunto affixed, impressed, imprinted, engraved or otherwise reproduced; and this bond to be authenticated by the manual signature of an authorized officer of the Bond Trustee as the Authenticating Agent, without which authentication this bond shall not be valid nor entitled to the benefits of the Bond Indenture, all as of the Bond Date stated above.

CITY OF POMPANO BEACH, FLORIDA

(SEAL)

By: _____
Name: Rex Hardin
Title: Mayor

ATTEST:

CITY CLERK

By: _____
Name: Asceleta Hammond

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2021B[-1][-2] Bonds described in the within-mentioned Bond Indenture.

U.S. BANK NATIONAL ASSOCIATION, as
Bond Trustee

By: _____
Name: _____
Title: _____

Date of Authentication: _____, 2021

[END OF FORM OF SERIES 2021B[-1][-2] BOND]

**EXHIBIT B TO BOND INDENTURE
[FORM OF CONSTRUCTION FUND REQUISITION]**

To: U.S. Bank National Association, as Bond Trustee
From: John Knox Village of Florida, Inc.
Re: \$_____ City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021 (the "Bonds")

Any term used in this requisition and not otherwise defined shall have the meaning ascribed to such term in that certain Loan Agreement, dated as of December 1, 2021 (the "Agreement"), by and between the City of Pompano Beach, Florida (the "Issuer") and John Knox Village of Florida, Inc. (the "Borrower").

This requisition is submitted under the Agreement and that certain Bond Indenture, dated as of December 1, 2021, by and between the Issuer and the Bond Trustee, and unless the expenditures are related to the Campus Projects, is submitted in accordance with the Construction Disbursement and Monitoring Agreement dated as of December 1, 2021 by and among ALCALA Construction Management, Inc., the Bond Trustee, and the Borrower (the Construction Monitoring Agreement") which documents are incorporated herein by reference.

Direct Payments

Please pay the following bills, invoices and other obligations (of which copies are on file with the Borrower), as attached hereto on Exhibit A.

Reimbursements

Please reimburse the Borrower for its payments of the following bills, invoices and other obligations (of which copies are on file with the Borrower) as attached hereto on Exhibit B.

I hereby represent that (i) the payments or reimbursements directed by this requisition are for eligible projects under the Financing Act, and constitute a proper charge against the Construction Fund for which payment has not previously been made from moneys on deposit in such Construction Fund, (ii) payment of this requisition will not result in a breach of any of the covenants of the Borrower under the Agreement and the representations made by the Borrower in the Agreement are still true and correct, (iii) obligations in the stated amounts have been incurred by the Borrower and are presently due and payable, or are properly reimbursable to the Borrower, and each item thereof is a necessary cost of the project or of issuing the Bonds and is a proper charge against the Construction Fund and has not been paid, (iv) these payments are in accordance with the Construction Monitoring Agreement, provided however in the case of any payments related to the Campus Projects the Construction Monitoring Agreement does not apply. This requisition **[does][does not]** seek disbursement for expenditures on the Campus Projects.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.**

By: _____
Authorized Signatory

**EXHIBIT C TO BOND INDENTURE
[FORM OF COSTS OF ISSUANCE FUND REQUISITION]**

COSTS OF ISSUANCE FUND REQUISITION NO. 1

To: U.S. Bank National Association, as Bond Trustee

From: John Knox Village of Florida, Inc.

Re: \$_____ City of Pompano Beach, Florida Revenue (John Knox Village Project),
Series 2021

Any term used in this requisition and not otherwise defined shall have the meaning ascribed to such term in that certain Loan Agreement, dated as of December 1, 2021 (the "Agreement"), by and between the City of Pompano Beach, Florida (the "Issuer") and John Knox Village of Florida, Inc. (the "Borrower").

This requisition is submitted under the Agreement and that certain Bond Indenture, dated as of December 1, 2021, by and between the Issuer and the Bond Trustee, which documents are incorporated herein by reference.

Please pay the following bills, invoices and other obligations (of which copies are on file with the Borrower), as set forth on Exhibit A hereto.

I hereby represent that (i) the payments or reimbursements directed by this requisition are for Costs of Issuance, and constitute a proper charge against the Costs of Issuance Fund for which payment has not previously been made from moneys on deposit in such Costs of Issuance Fund, (ii) payment of this requisition will not result in a breach of any of the covenants of the Borrower under the Agreement and the representations made by the Borrower in the Agreement are still true and correct, and (iii) obligations in the stated amounts have been incurred by the Borrower and are presently due and payable, or are properly reimbursable to the Borrower, and each item thereof is a necessary cost of the costs of issuing the Bonds and is a proper charge against the Costs of Issuance Fund and has not been paid.

**JOHN KNOX VILLAGE OF FLORIDA,
INC.**

By: _____
Authorized Signatory

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LOAN AGREEMENT

By and Between

JOHN KNOX VILLAGE OF FLORIDA, INC.

and

CITY OF POMPANO BEACH, FLORIDA

Dated as of December 1, 2021

Relating to:

\$ _____

**City of Pompano Beach, Florida
Revenue Bonds (John Knox Village Project),
Series 2021A**

and

\$ _____

**City of Pompano Beach, Florida
Entrance Fee Principal Redemption Bonds (John Knox Village Project),
Series 2021B-1**

and

\$ _____

**City of Pompano Beach, Florida
Entrance Fee Principal Redemption Bonds (John Knox Village Project),
Series 2021B-2**

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EXHIBIT A – PROJECT DESCRIPTION

THIS LOAN AGREEMENT, made and entered into as of December 1, 2021, by and between **JOHN KNOX VILLAGE OF FLORIDA, INC.**, a not-for-profit corporation incorporated under the laws of the State of Florida (the "Borrower" and the "Obligated Group Representative"), and the **CITY OF POMPAÑO BEACH, FLORIDA** (together with any successor to its rights, duties and obligations hereunder, the "Issuer"), a duly created and validly existing municipal corporation of the State of Florida and a "local agency" within the meaning of the Florida Industrial Development Financing Act, Chapter 159, Part II, Florida Statutes, as amended,

WITNESSETH

WHEREAS, pursuant to the Enabling Acts (hereinafter defined) the Issuer is authorized to make loans for the purpose of financing and reimbursing of the cost of renovating, construction, improvement or equipping of "projects", including "health care facilities" (within the meaning of the Financing Act), to carry out any of its purposes and to issue its bonds for the purpose of carrying out any of its powers; and

WHEREAS, the Borrower is a private, not-for-profit and charitable corporation organized and existing under the laws of the State (hereinafter defined), which owns and operates certain senior living and health care facilities at a campus within the City of Pompano Beach, Florida and known as John Knox Village (together with the hereinafter defined Project, the "Facilities"); and

WHEREAS, the Borrower has requested the Issuer to finance and reimburse certain costs of capital improvements to the Facilities as more fully described on Exhibit A hereto permitted by the Financing Act (the "Project") through the issuance under the Act of revenue bonds of the Issuer; and

WHEREAS, the Issuer is a municipal corporation of the State and is authorized under the Enabling Acts, particularly the Financing Act, to issue its revenue bonds for the purpose of financing, refinancing and reimbursing the costs of the Project, funding necessary reserves and capitalized interest, and paying the costs of issuing such bonds; and

WHEREAS, for the purpose of providing sufficient funds to pay the costs of financing and reimbursing the costs of the Project, funding necessary reserves and capitalized interest, and paying the costs of issuing revenue bonds, the Issuer proposes to issue its revenue bonds in the total aggregate principal amount of \$_____ designated "City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2021A," "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-1," and "City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds (John Knox Village Project), Series 2021B-2" dated their date of issuance, and all as further described in the hereinafter defined Bond Indenture; and

WHEREAS, the Bonds are to be issued on parity with the other indebtedness previously issued and hereafter issued and secured by notes issued under the Master Indenture

(hereinafter defined), which indebtedness, upon the issuance of the Bonds, consists of the outstanding City of Pompano Beach, Florida Revenue Bonds (John Knox Village Project), Series 2015 (the "Series 2015 Bonds") and the outstanding City of Pompano Beach, Florida Revenue and Revenue Refunding Bonds (John Knox Village Project), Series 2020; and

WHEREAS, the Issuer has determined that it is desirable and in the public interest to enter into this Agreement with the Borrower for the principal purpose of providing for the financing and reimbursement of the costs of the Project and for the other purposes described herein, on behalf of the Borrower; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State, the bylaws, rules and regulations of the Issuer and the Borrower to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required, in order to make this Agreement a valid and binding agreement enforceable in accordance with its terms;

PROVIDED, NEVERTHELESS, except as otherwise specifically stated in this Agreement, if the Borrower, or its successors or assigns, shall make the payments provided by this Agreement and shall satisfy and perform all other covenants and obligations made or undertaken by the Borrower under this Agreement, then this Agreement shall terminate and be void; and

The **CITY OF POMPAÑO BEACH, FLORIDA** and the **BORROWER** hereby further mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITIONS. The words and terms used in this Agreement shall have the same meanings as set forth in the Bond Indenture and in the Master Indenture (defined below) unless otherwise defined herein, and unless the context shall otherwise require, the following words and terms as used in this Agreement shall have the following meanings:

"**Bond Indenture**" shall mean the Bond Indenture, dated as of December 1, 2021, by and between the Issuer and the Bond Trustee, and when amended or supplemented, such Bond Indenture, as amended or supplemented.

"**Borrower**" or "**Obligated Group Representative**" shall have the meaning set forth in the introductory paragraph.

"**Facilities**" shall have the meaning ascribed thereto in the preambles to this Agreement and shall include the Project.

"**Issuer**" shall have the meaning set forth in the introductory paragraph hereof.

SECTION 1.02. INTERPRETATION. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

Any terms not defined herein, but defined in either the Master Indenture or the Bond Indenture, shall have the same meaning herein.

Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II REPRESENTATIONS

SECTION 2.01. REPRESENTATIONS OF THE ISSUER. The Issuer makes the following representations as the basis for its covenants and agreements herein:

(a) The Issuer is a duly organized and existing municipal corporation of the State.

(b) The Issuer has by the Bond Resolution authorized the issuance, sale, execution and delivery of the Bonds and the execution and delivery on its behalf of this Agreement, the Bond Purchase Contract, the final Official Statement (the disclosure document for the Bonds) and the Bond Indenture, under the terms of which the proceeds of the Bonds are to be made available to finance and reimburse the costs of the Project and certain rights of the Issuer hereunder are pledged and assigned to the Bond Trustee as security for the payment of all amounts to become due on the Bonds.

(c) The Issuer has not pledged, assigned or granted and will not pledge, assign or grant any of its rights or interest in or under this Agreement for any purpose other than to secure the Bonds.

(d) The authorization, execution, sale and delivery of the Bonds, and the financing refinancing and reimbursement of the costs of the Project, with the proceeds of such Bonds, will not violate any instruments, agreements, covenants, laws, orders or decrees to which the Issuer is a party or is subject.

SECTION 2.02. REPRESENTATIONS OF THE BORROWER. The Borrower makes the following representations as the basis for its covenants and agreements herein:

(a) It has been duly incorporated and is validly existing as a not-for-profit corporation under the laws of the State; on behalf of itself and as Obligated Group Representative on behalf of the Obligated Group it has full legal right, power and authority to enter into this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the

Supplemental Indenture for Obligation No. 5 and Obligation No. 6, the Bond Purchase Contract, the Continuing Disclosure Agreement and Obligation No. 5 and Obligation No. 6, to approve and execute the disclosure documents for the Bonds, and to carry out and consummate all transactions contemplated hereby and thereby; and it has, by proper action, duly authorized the execution and delivery of this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 and Obligation No. 5 and Obligation No. 6; has approved the disclosure documents for the Bonds and has approved the Bond Indenture, the Bond Purchase Contract and the issuance of the Bonds.

(b) The execution and delivery of this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, the Bond Purchase Contract, the Continuing Disclosure Agreement and Obligation No. 5 and Obligation No. 6, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not constitute a violation of any statute or conflict with, or constitute a material breach of, or default by it under its articles of incorporation, its by-laws, or any indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, it is not in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance of this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, the Bond Purchase Contract, the Continuing Disclosure Agreement, Obligation No. 5 or Obligation No. 6.

(c) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, Facilities or operations or its ability to perform its obligations under this Agreement, the Tax Agreement, the Master Indenture, the Mortgage, the Continuing Disclosure Agreement, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and Obligation No. 6 and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations.

(d) It is a not-for-profit 501(c)(3) corporation organized and operated exclusively for not-for-profit purposes and no part of the earnings of which inures to the benefit of any Person, private shareholder or individual.

(e) It is duly qualified, licensed and in good standing to do business in all jurisdictions where its ownership of property or the nature of its business requires such qualifications or licenses.

(f) To the extent the Bond Resolution provides that the Borrower will represent specified matters to the Issuer, the Borrower is hereby deemed to have made such representations to the Borrower in this Agreement by this reference, including that:

(i) the Facilities, including the Project will help to alleviate unemployment in the Issuer, will provide gainful employment to the residents of the City, improve living conditions and health care for seniors in the Issuer, foster economic growth and development and the business development of the Issuer, and serve other public purposes as set forth in the Act and any private benefit that may accrue therefrom is incidental to such purposes;

(ii) the Facilities, including the Project will further the paramount public purposes of the Act, and it will most effectively serve the purposes of the Act for the Issuer to finance and reimburse the costs of the Project and to issue and sell the Bonds for such purposes;

(iii) Broward County, Florida and the Issuer, as applicable, are reasonably expected to be able to cope satisfactorily with the impact of the Project and are able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that are necessary for the construction, operation, repair and maintenance of the Facilities, including the Project and on account of any increases in population or other circumstances resulting therefrom;

(iv) the availability of tax-exempt revenue bond financing, as authorized by the Act, is an important inducement to the Borrower to proceed with the financing, refinancing and reimbursing of the costs of the Project;

(v) that costs of the Project constitute "costs" of a "project" within the meaning of the Act, including Section 159.27(5), Florida Statutes;

(vi) the findings in Sections 2(C), 2 (D), 2 (I), and 4 of the Bond Resolution are true and correct in all respects;

(vii) the Borrower is financially responsible and capable of meeting its obligations under this Agreement, the Master Indenture, Supplemental Indenture for Obligation No. 5 and Obligation No. 6, Obligation No. 5 and Obligation No. 6; and

(viii) the Bonds are rated "BBB" by Fitch with a Stable Outlook.

(g) The Tax Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as

of the date on which executed and delivered. Any information that has been or will be supplied by the Borrower that has been or will be relied upon by the Issuer with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds is true and correct in all material respects.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to this Agreement, to the Bond Purchase Contract, to the Bond Indenture, or in connection with the transaction contemplated hereby and thereby, shall, as to the representations contained herein and therein as of the date hereof, survive the execution and delivery hereof and thereof and the issuance, sale and delivery of the Bonds.

ARTICLE III

LOAN AGREEMENT;

ISSUANCE OF BONDS, OBLIGATION NO. 5 AND OBLIGATION NO. 6

SECTION 3.01. LOAN AGREEMENT; ISSUANCE OF BONDS AND APPLICATION OF PROCEEDS. The Issuer hereby agrees to issue the various series of the Bonds and loan, and hereby loans, the proceeds of the Bonds to the Borrower in the total aggregate amount of \$_____ to provide funds to finance and reimburse the costs of the Project (including funding the Debt Service Reserve Fund), to provide for capitalized interest and to pay costs of issuance of the Bonds, all upon the terms and conditions set forth or referred to in this Agreement and in the Bond Indenture. The Borrower agrees to borrow and hereby borrows, and agrees to repay, the amount of \$_____, upon the terms and conditions set forth or referred to in this Agreement, in the Bond Indenture, in Obligation No. 5 and in Obligation No. 6. This Agreement shall constitute a general obligation of the Borrower. The Borrower agrees that the proceeds of the Bonds to be made available to finance and reimburse the Project, fund necessary reserves and pay costs associated with the issuance of the Bonds shall be deposited with the Bond Trustee and applied as provided in the Bond Indenture.

SECTION 3.02. ISSUANCE OF OBLIGATION NO. 5 AND OBLIGATION NO. 6. (a) In consideration of the issuance by the Issuer of the Series 2021A Bonds and the application of the proceeds thereof as provided in the Bond Indenture, and to evidence the loan referred to in Section 3.01 hereof, the Borrower, as Obligated Group Representative, agrees to issue and cause to be authenticated and delivered to the Bond Trustee, pursuant to this Agreement, the Master Indenture and the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, concurrently with the delivery of the Series 2021A Bonds to the Original Purchaser thereof in accordance with the Bond Purchase Contract, Obligation No. 5 in substantially the form attached to the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 as Appendix A with such necessary and appropriate omissions, insertions and variations as are permitted or required by the Bond Indenture, the Master Indenture or the Supplemental Indenture for Obligation No. 5 and Obligation No. 6. Obligation No. 5 shall constitute an Obligation of the Obligated Group within the meaning of the Master Indenture.

The Borrower agrees that the principal amount of Obligation No. 5 shall be limited to \$_____, except for any Obligation authenticated and delivered in lieu of another Obligation as provided in the Master Indenture with respect to any Obligation mutilated, destroyed, lost or stolen or, upon transfer or registration or exchange of Obligation No. 5. The Borrower agrees that, so long as any Series 2021A Bonds remain Outstanding, Obligation No. 5 shall be issuable only as a single Obligation securing all Series 2021A Bonds. Obligation No. 5 shall be registered as to principal and interest in the name of the Bond Trustee and no transfer of Obligation No. 5 shall be recognized by the Borrower except for transfers to a successor Bond Trustee and otherwise as provided in the Bond Indenture or the Master Indenture.

(b) In consideration of the issuance by the Issuer of the Series 2021B Bonds and the application of the proceeds thereof as provided in the Bond Indenture, and to evidence the loan referred to in Section 3.01 hereof, the Borrower, as Obligated Group Representative, agrees to issue and cause to be authenticated and delivered to the Bond Trustee, pursuant to this Agreement, the Master Indenture and the Supplemental Indenture for Obligation No. 5 and Obligation No. 6, concurrently with the delivery of the Series 2021B Bonds to the Original Purchaser thereof in accordance with the Bond Purchase Contract, Obligation No. 6 in substantially the form attached to the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 as Appendix A with such necessary and appropriate omissions, insertions and variations as are permitted or required by the Bond Indenture, the Master Indenture or the Supplemental Indenture for Obligation No. 5 and Obligation No. 6. Obligation No. 6 shall constitute an Obligation of the Obligated Group within the meaning of the Master Indenture. The Borrower agrees that the principal amount of Obligation No. 6 shall be limited to \$_____, except for any Obligation authenticated and delivered in lieu of another Obligation as provided in the Master Indenture with respect to any Obligation mutilated, destroyed, lost or stolen or, upon transfer or registration or exchange of Obligation No. 6. The Borrower agrees that, so long as any Series 2021B Bonds remain Outstanding, Obligation No. 6 shall be issuable only as a single Obligation securing all Series 2021B Bonds. Obligation No. 6 shall be registered as to principal and interest in the name of the Bond Trustee and no transfer of Obligation No. 6 shall be recognized by the Borrower except for transfers to a successor Bond Trustee and otherwise as provided in the Bond Indenture or the Master Indenture.

SECTION 3.03. NOTICE OF REDEMPTION OR PREPAYMENT OF OBLIGATION NO. 5 AND OBLIGATION NO. 6. (a) The Issuer hereby waives all notice of redemption of Obligation No. 5 or of prepayment or credit for payment on Obligation No. 5 except such notice as is expressly required by the provisions hereof or of the Bond Indenture, the Master Indenture or Supplemental Indenture for Obligation No. 5 and Obligation No. 6.

(b) The Issuer hereby waives all notice of redemption of Obligation No. 6 or of prepayment or credit for payment on Obligation No. 6 except such notice as is expressly required by the provisions hereof or of the Bond Indenture, the Master Indenture or Supplemental Indenture for Obligation No. 5 and Obligation No. 6.

SECTION 3.04. SECURITY FOR BONDS. (a) The Borrower agrees that the principal and Redemption Price of and the interest on the Bonds shall be payable in accordance with the Bond Indenture and the right, title and interest of the Issuer hereunder and in and to Obligation No. 5 Payments and Obligation No. 6 Payments and other amounts paid or payable by the Borrower hereunder or under Obligation No. 5 and Obligation No. 6, other than the right to grant approvals, consents or waivers, to receive notices, or for indemnification or the payment or reimbursement of fees and expenses payable or reimbursable to the Issuer, shall be assigned and pledged by the Issuer to the Bond Trustee pursuant to the Bond Indenture to secure the payment of the Bonds. The Borrower agrees that all of the rights accruing to or vested in the Issuer with respect to Obligation No. 5 and Obligation No. 6 or hereunder may be exercised, protected and enforced by the Bond Trustee for or on behalf of the Holders in accordance with the provisions hereof, of the Bond Indenture and of the Master Indenture.

(b) This Agreement is executed in part to induce the purchase by others of the Bonds, and, accordingly, all covenants and agreements on the part of the Borrower and the Issuer, as set forth in this Agreement, are hereby declared to be for the benefit of the Holders and owners from time to time of the Bonds as set forth in the Bond Indenture.

(c) The Borrower agrees to do all things within its power in order to comply with and to enable the Issuer to comply with all requirements, and to fulfill and to enable the Issuer to fulfill all covenants, of the Bond Resolution, the Tax Agreement and the Bond Indenture.

SECTION 3.05. SECURITY FOR PAYMENTS UNDER THIS LOAN AGREEMENT; RECORDING AND FILING. (a) As further security for the payments required to be made to the Issuer under this Loan Agreement, Obligation No. 5 and Obligation No. 6, the Borrower shall, prior to or contemporaneously with the execution and delivery of this Loan Agreement, execute and deliver documents related to the future advance being secured under the Mortgage, and the Assignment of Contracts and Agreements.

(b) The Second Supplement to Amended and Restated Mortgage and Security Agreement and Notice of Future Advance dated as of December 1, 2021 shall be recorded by the Borrower in all offices as may at the time be provided by law as the proper place for recordation thereof. The security interest of the Master Trustee created in the accounts, chattel paper, documents, instruments, and general intangibles arising in any manner from the Borrower's operation of the Facilities, the security interest of the Bond Trustee created by the Assignment of Contracts and Agreements, and the security interest of the Bond Trustee created by the Bond Indenture in the Issuer's right, title, and interest in this Loan Agreement, Obligation No. 5 and Obligation No. 6 and the revenues and amounts to be received and held under the Bond Indenture shall be perfected by the filing of financing statements or instruments effective as financing statements that fully comply with the State's Uniform Commercial Code or by the taking of possession of appropriate collateral. The Borrower further agrees that it will file, or cause to be filed, all necessary continuation statements within the time prescribed by the State's Uniform Commercial Code and the appropriate parties shall maintain possession of appropriate collateral in order to continue the security interests identified in this Section 3.05 to

the end that the rights of the owners of the Bonds and the Bond Trustee in the Mortgaged Property and the other collateral shall be fully preserved as against third party creditors of, or purchasers for value in good faith from, the Issuer or the Borrower and that the Borrower will provide the Bond Trustee with notice of such filings at least ninety (90) days prior to any expiration thereof.

SECTION 3.06 BORROWER'S COVENANTS REGARDING TITLE. The Borrower shall protect, preserve, and defend its interest in the Facilities, including the Project; appear and defend such interest in any action or proceeding affecting or purporting to affect the Project, or the Assignment of Contracts and Agreements thereon, or any of the rights of the Bond Trustee thereunder; and pay on demand all costs and expenses incurred by the Bond Trustee in or in connection with any such action or proceeding, including reasonable attorneys' fees, as described in Sections 5.05 and 5.06 hereof, whether any such action or proceeding progresses to judgment and whether brought by or against the Bond Trustee. The Bond Trustee shall be reimbursed by the Borrower for any such costs and expenses in accordance with the provisions of Section 6.06 hereof. If the Borrower shall not take the action contemplated herein, the Bond Trustee or the Issuer may, but shall not be under any obligation to, appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same and, in that behalf and for any of such purposes, may expend and advance such sums of money as it may deem necessary, and such sums shall be an advance payable in accordance with Sections 5.05 and 5.06 hereof.

SECTION 3.07. ENVIRONMENTAL CONDITION OF THE PROJECT AND INDEMNIFICATION. (a) The Borrower warrants and represents to the Issuer and the Bond Trustee that, to the best of its knowledge:

(i) the Facilities, including the Project are and at all times hereafter, will continue to be in full compliance with all Environmental Laws, as hereinafter defined in subsection (d) below, and

(ii) (A) as of the date hereof except as disclosed in the Phase I Environmental Site Assessment dated September 18, 2020, by GFA International, Inc., there are no Hazardous Materials, as defined in subsection (d) of this Section, substances, wastes, or other environmentally regulated substances (including without limitation, any materials containing asbestos) located on, in, or under the Facilities, including the Project or used in connection therewith, or (B) the Borrower has fully disclosed to the Issuer, the Underwriter, and the Bond Trustee in writing the existence, extent, and nature of any such Hazardous Materials, substances, wastes, or other environmentally regulated substances, if any, that the Borrower is legally authorized and empowered to maintain on, in, or under the Facilities or used in connection therewith, and the Borrower has obtained and will maintain in full force and effect all licenses, permits, and approvals required with respect thereto, and is in full compliance with all of the terms, conditions, and requirements of such licenses, permits, and approvals. The Borrower further warrants and represents that it will promptly notify the Issuer and the Trustee

in writing of any change in the nature or extent of any Hazardous Materials, substances, or wastes maintained on, in, or under the Facilities or used in connection therewith, and will transmit to the Issuer and the Bond Trustee copies of any 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 Facilities. The Borrower warrants and represents that all work on the Facilities and activities of contractors, sub-contractors, consultants, or any other agent of the Borrower will also be in full compliance with all federal, state, and local environmental laws, regulations, and ordinances as cited above, and further warrants and represents that neither the Borrower nor its agents will engage in any management of solid or hazardous wastes at the Facilities other than in the ordinary course of the development, construction, use, management, or operation of the Facilities for its intended purpose and in compliance with Environmental Laws.

(b) The Borrower shall indemnify and hold the Issuer and the Bond Trustee harmless from and against any and all damages (including natural resource damages), penalties, fines, claims, liens, suits, liabilities (including strict liabilities), costs (including clean-up, investigation, and monitoring costs), judgments, and expenses (including attorneys', consultants', or experts' fees and expenses of every kind and nature) suffered by or asserted against the Issuer or the Bond Trustee as a direct or indirect result of any warranty or representation made by the Borrower in the preceding subsection being false or untrue in any respect or any requirement or liability under any Environmental Law, excluding violations of Environmental Laws due to the condition of the real property underlying the Facilities, including any law, regulation, or ordinance, local, state, or federal, that requires the investigation, monitoring, elimination, or removal of any Hazardous Materials, substances, wastes, molds, fungi, bacteria, infectious material, or other environmentally regulated substances.

(c) The Borrower's obligations hereunder to the Issuer and the Bond Trustee shall not be limited to any extent by the term of the Bonds, and, as to any act or occurrence prior to payment in full and satisfaction of the Bonds that gives rise to liability hereunder, shall continue, survive, and remain in full force and effect notwithstanding payment in full and satisfaction of the Bonds and this Loan Agreement or foreclosure under the Mortgage, or delivery of a deed-in-lieu of foreclosure.

(d) For purposes of this section, the term "Hazardous Materials" means petroleum, petroleum byproducts (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products, and/or any hazardous substance or material, waste, pollutant, or contaminant, defined as such in (or for the purposes of) the Environmental Laws. "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act ("RCRA"), the Clean Air Act, as amended (42 U.S.C. §§7401 et seq.), the Clean Water Act, as amended (33 U.S.C. §§1251 et seq.), including all amendments to such Acts, or any federal, state, or local statute, law,

ordinance, code, rule, regulation, order, or decree, regulating, or other legal requirement relating to the protection of human health or the environment, including, but not limited to, any requirement pertaining to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity) natural or synthetic gas, products, and/or hazardous substance or material, toxic or dangerous waste, substance or material, pollutant, or contaminant, as may now or at any time hereafter be in effect.

ARTICLE IV

PAYMENTS

SECTION 4.01. PAYMENTS OF PRINCIPAL, PREMIUM AND INTEREST ON THE BONDS. The Borrower covenants that it will duly and punctually pay the principal of and interest and any premium on the Bonds at the dates and in the places and manner set forth herein and in the Bond Indenture. Notwithstanding any schedule of payments to be made on the Bonds, the Borrower agrees to make payments upon the Bonds, Obligation No. 5 and Obligation No. 6 and be liable therefor at the times and in the amounts equal to the amounts to be paid as principal or Redemption Price of or interest on the Bonds from time to time Outstanding under the Bond Indenture as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All amounts payable with respect to the Bonds, Obligation No. 5 and Obligation No. 6 or otherwise hereunder by the Borrower to the Issuer or the Bond Trustee, except as otherwise expressly provided herein, shall be paid to the Bond Trustee for the account of the Issuer or the Bond Trustee, as applicable, so long as any Bonds remain Outstanding.

The Borrower agrees and represents that it has received fair consideration in return for the obligations undertaken and to be undertaken by the Borrower hereunder and by the Obligated Group resulting from Obligation No. 5 and Obligation No. 6.

SECTION 4.02. OBLIGATION PAYMENTS. (i) (a) The Obligation No. 5 Payments with respect to principal on the Series 2021A Bonds and Obligation No. 5 shall be made in semiannual installments not later than each March 1 and September 1, and with respect to interest shall be made not later than the third Business Day prior to each Interest Payment Date.

(b) The Obligation No. 5 Payments shall include, on the third Business Day prior to each Interest Payment Date, the amount, if any, necessary to cause the amount credited to the Interest Account together with available moneys and investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Interest Payment Date as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than

the amount of interest to be paid on Outstanding Series 2021A Bonds on such Interest Payment Date. The Obligation No. 5 Payments to be made pursuant to this paragraph (b) shall be appropriately adjusted to reflect the date of issuance of the Series 2021A Bonds and accrued or capitalized interest, if any, deposited in the Interest Account.

(c) The Obligation No. 5 Payments shall include (after credit for any investment earnings in such Account that have not previously been credited), on each March 1 and September 1 during each Bond Year ending on a date on which Series 2021A Serial Bonds mature, the amount necessary to cause the amount then being credited to the Principal Account, together with the available moneys and investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the last day of the Bond Year as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the principal amount of Serial Series 2021A Bonds Outstanding which will mature on the last day of the Bond Year.

(d) The Obligation No. 5 Payments shall include (after credit for any investment earnings in such Account that have not previously been credited), on each March 1 and September 1 during each Bond Year ending on a date which is a Sinking Fund Account Retirement Date, the amount necessary to cause the amount then being credited to the Sinking Fund Account, together with available moneys and investment earnings on investments then on deposit in the Sinking Fund Account, if such earnings will be received before the last day of the Bond Year as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than one-half of the unsatisfied Sinking Fund Account Requirements to be satisfied on or before the last day of the Bond Year.

(e) On the payment date following a date on which the Obligated Group shall have failed to pay to the Bond Trustee the amount due as an Obligation No. 5 Payment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 5.05 of the Bond Indenture, the Borrower shall pay, in addition to the Obligation No. 5 Payment then due, an amount equal to the deficiency in payment or the amount of such loss, unless such deficiency or loss shall have been remedied by a transfer from the Debt Service Reserve Fund or otherwise. To the extent that the investment earnings are transferred or credited to the Bond Fund or any account therein in accordance with Article V of the Bond Indenture or amounts are transferred or credited to such Bond Fund or accounts as a result of the application of Series 2021A Bond proceeds or a transfer from the Master Trustee to the Bond Trustee from the Debt Service Reserve Fund pursuant to Section 5.05 of the Bond Indenture or a transfer of surplus funds from the Construction Fund or otherwise, future Obligation No. 5 Payments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in the fund or account to which the transfer is made.

(f) The Obligation No. 5 Payments shall in any event include any other amounts needed to pay principal, interest and premium on the Series 2021A Bonds when due and any other amounts due and payable pursuant to the terms hereof, of the Bond Indenture and of the Master Indenture.

(ii) (a) The Obligation No. 6 Payments with respect to principal payments on the Series 2021B Bonds secured by Obligation No. 6 shall undertaken after an Entrance Fee Transfer Date, whereby the amounts shall be transferred to Bond Trustee by the Master Trustee for deposit to the Entrance Fee Redemption Account established under Section 5.01 (a) (v) of the Bond Indenture to be applied as provided in Section 3.03 (b) of the Bond Indenture.

(b) The Obligation No. 6 Payments shall include, on the third Business Day prior to each Interest Payment Date, the amount, if any, necessary to cause the amount credited to the Interest Account together with available moneys and investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Interest Payment Date as determined by the Bond Trustee (but only to the extent that (i) such moneys or investment earnings have not previously been credited for purposes of such calculation and (ii) such earnings are calculable by the Bond Trustee with reasonable certainty), to be not less than the amount of interest to be paid on Outstanding Series 2021B Bonds on such Interest Payment Date. The Obligation No. 6 Payments to be made pursuant to this paragraph (b) shall be appropriately adjusted to reflect the date of issuance of the Series 2021B Bonds and accrued or capitalized interest, if any, deposited in the Interest Account.

(c) On the payment date following a date on which the Obligated Group shall have failed to pay to the Bond Trustee the amount due as an Obligation No. 6 Payment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 5.05 of the Bond Indenture, the Borrower shall pay, in addition to the Obligation No. 6 Payment then due, an amount equal to the deficiency in payment or the amount of such loss, unless such deficiency or loss shall have been remedied by a transfer from the Debt Service Reserve Fund or otherwise. To the extent that the investment earnings are transferred or credited to the Bond Fund or any account therein in accordance with Article V of the Bond Indenture or amounts are transferred or credited to such Bond Fund or accounts as a result of the application of Series 2021B Bond proceeds or a transfer from the Master Trustee to the Bond Trustee from the Debt Service Reserve Fund pursuant to Section 5.05 of the Bond Indenture or a transfer of surplus funds from the Construction Fund or otherwise, future Obligation No. 6 Payments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in the fund or account to which the transfer is made.

(d) The Obligation No. 6 Payments shall in any event include any other amounts needed to pay principal, interest and premium on the Series 2021B Bonds when due and any other amounts due and payable pursuant to the terms hereof, of the Series 2021B Bond Indenture and of the Master Indenture.

SECTION 4.03. CREDITS FOR PAYMENTS ON OBLIGATION NO. 5 AND OBLIGATION NO. 6. The Borrower shall receive credit for payment on Obligation No. 5 and Obligation No. 6, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(a) On installments of interest on Obligation No. 5 and Obligation No. 6 in an amount equal to moneys deposited in the Interest Account of the Bond Fund created under the Bond Indenture which amounts are available to pay, and will be used to pay, interest on the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 5 and Obligation No. 6.

(b) On installments of principal on Obligation No. 5 and Obligation No. 6 in an amount equal to moneys deposited in the Principal Account or Sinking Fund Account of the Bond Fund created under the Bond Indenture which amounts are available to pay, and will be used to pay, principal of the Bonds, to the extent such amounts have not previously been credited on Obligation No. 5 or Obligation No. 6.

(c) On installments of principal and interest, respectively, on Obligation No. 5 in an amount equal to the principal and interest of Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts are on deposit in the Redemption Account of the Bond Fund created under the Bond Indenture, to the extent such amounts have not previously been credited against payments on Obligation No. 5 and will be used to pay such Bonds. Such credits shall be made against the installments of principal and interest on Obligation No. 5 which would be used, but for such call for redemption, to pay principal and interest on such Bonds when due at maturity or by Sinking Fund Account Requirements for Term Bonds so called for redemption.

(d) On the payment of principal with respect to the Series 2021B Bonds, any redemptions undertaken by the Bond Trustee from the deposits to the Entrance Fee Redemption Account established under Section 5.01 (a) (v) of the Bond Indenture.

(e) On installments of principal and interest, respectively, on Obligation No. 5 and Obligation No. 6 in an amount equal to the principal amount of Bonds acquired by the Borrower and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled. Such credits shall be made against the installments of principal and interest on Obligation No. 5 and Obligation No. 6 which would be used, but for such cancellation, to pay principal and interest on such related series of the Bonds when due at maturity or by Sinking Fund Account Requirements for Series 2021A Term Bonds so cancelled.

SECTION 4.04. PREPAYMENT. (a) So long as all amounts which have become due under the Bonds, the Bond Indenture and Obligation No. 5 and Obligation No. 6 have been paid, the Borrower may at any time and from time to time pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 5 or Obligation No. 6 if, not less than 15 days prior to such prepayment, the Borrower gives notice to the Bond

Trustee of its intention to make a prepayment and of the amount thereof and if, not later than the date of the prepayment, the Borrower directs the Bond Trustee as to the application of the amounts prepaid to retire the applicable series of the Bonds by purchase, redemption or both purchase and redemption in accordance with Section 5.03(d) of the Bond Indenture. Under the Bond Indenture the Series 2021B-2 Bonds shall be prepaid or redeemed in full prior to any prepayment or redemption of the Series 2021B-1 Bonds.

(b) The Borrower may pay all or part of the amounts to become due under Obligation No. 5 or Obligation No. 6 in advance and in any order of due dates at the times, in the manner, in the amounts, at the prices, and from the sources set forth with respect to the Bonds in Article III of the Bond Indenture. In particular, the Borrower shall have the right to direct the optional redemption or the extraordinary optional redemption of the Bonds as provided in Article III and Section 5.03 of the Bond Indenture, upon certification by the Borrower to the Bond Trustee that any conditions precedent to such redemption shall have been satisfied.

(c) Prepayments made under subsections (a) and (b) of this Section shall be credited against amounts to become due on Obligation No. 5 or Obligation No. 6, as applicable, as provided in Section 4.03 hereof.

(d) The Borrower may also prepay all or a portion of its obligations under Obligation No. 5 or Obligation No. 6, the Bonds, the Bond Indenture and this Agreement by providing for the payment of all or a portion of the applicable series of the Bonds in accordance with Article XI of the Bond Indenture.

(e) The provisions of this Section 4.04 are subject to the notice provisions of Section 3.08 of the Bond Indenture.

SECTION 4.05. PAYMENT OF EXPENSES. In addition to all other payments hereunder and under Obligation No. 5 and under Obligation No. 6, the Borrower agrees to pay the following items to the following Persons, which payments shall not be credited against the Obligation No. 5 Payments and the Obligation No. 6 Payments:

(a) To the Bond Trustee, when due, all reasonable out-of-pocket costs, fees and expenses of the Bond Trustee for services rendered under the Bond Indenture and all reasonable out-of-pocket costs, fees and charges of any Paying Agent, Authenticating Agent, Registrar, counsel (including counsel fees incurred in any bankruptcy proceeding), agent, accountant or other Person incurred in the performance of services under the Bond Indenture on request of the Bond Trustee for which the Bond Trustee and such other Person are entitled to payment or reimbursement.

(b) To the Issuer, promptly upon billing, any and all of the reasonable costs and expenses of the Issuer related to the issuance of the Bonds or any of the related documentation, or related to any future audit, Internal Revenue Service or Securities and Exchange Commission inquiry, modification, amendment or interpretation of the Bonds or the documents relating

thereto, if any (including, but not limited to, the reasonable fees, costs and expenses of the Issuer's counsel or of bond counsel selected by the Issuer), and the reasonable expenses of the Issuer related to the issuance of the Bonds and any and all ongoing costs and expenses for any continuing duties or obligations of the Issuer related in any respect to the Bonds, the Bond Resolution, this Agreement, the Tax Agreement, the Bond Indenture or any other documents executed in connection therewith after the issuance of the Bonds.

SECTION 4.06. OBLIGATIONS UNCONDITIONAL. This Agreement is a general obligation of the Borrower, secured by Obligation No. 5 and Obligation No. 6 (and the collateral securing the same), but otherwise not secured by any other collateral, and the obligations of the Borrower to make payments pursuant hereto and the obligation of the Borrower and the other Members of the Obligated Group to make payments pursuant to Obligation No. 5 and Obligation No. 6 and to perform and observe all agreements on its part contained herein and in the Master Indenture shall be absolute and unconditional. Until this Agreement is terminated or payment in full of all Bonds is made or is provided for in accordance with the Bond Indenture the Borrower (i) will not suspend or discontinue any payments hereunder or neglect to perform any of its duties required hereunder or under the Tax Agreement; (ii) will perform and observe all of its obligations set forth in this Agreement and in the Tax Agreement; and (iii) except as provided herein, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration; commercial frustration of purpose; any change in the tax or other laws or administrative rulings of, or administrative actions by or under authority of, the United States of America or of the State; or any failure of the Issuer to perform and observe any obligation set forth in this Agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, the Tax Agreement or the Bond Indenture.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of its obligations contained herein. In the event the Issuer fails to perform any such obligation, the Borrower may institute such action against the Issuer as the Borrower may deem necessary and to the extent permitted by law to compel performance so long as such action shall not violate the terms or conditions of this Agreement, and *provided* that no costs, expenses or other monetary relief shall be recovered from the Issuer except as may be payable from the Trust Estate. The Borrower may, however, at its own cost and expense and in its own name or, to the extent lawful and upon written notice to, and prior receipt of written consent of the Issuer, in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third Persons which the Borrower deems reasonably necessary in order to secure or protect the rights of the Borrower hereunder. In such event the Issuer hereby agrees, to the extent reasonable, to cooperate fully with the Borrower, but at the Borrower's expense, and to take all action necessary to effect the substitution of the Issuer Representative in any such action or proceeding if the Borrower shall so request.

ARTICLE V

PARTICULAR COVENANTS AND ADDITIONAL REPRESENTATIONS

SECTION 5.01. COVENANTS AS TO CORPORATE EXISTENCE. The Borrower hereby covenants, except as otherwise expressly provided herein, or as provided in the Master Indenture, to preserve its corporate or other separate legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs. The Borrower will not consolidate with or merge with or into any other Person, except that the Borrower may consolidate or merge with or into any other Person if, immediately after giving effect to such action, (i) there exists no condition or event which constitutes, or which, after notice or lapse of time, or both, would constitute, an Agreement Event of Default, (ii) the successor Person constitutes a Tax-Exempt Organization and (iii) the conditions set forth in the Master Indenture shall have been satisfied.

SECTION 5.02. PRESERVATION OF EXEMPT STATUS. (a) The Borrower represents and warrants that as of the date of this Agreement: (i) it is a Tax-Exempt Organization; (ii) it has received a letter or determination to that effect; (iii) such letter or determination has not been modified, limited or revoked and the Borrower knows of no reason why such letter or determination could be modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter or determination; (v) the facts and circumstances which form the basis of such letter or determination continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code and any applicable regulations thereunder necessary to maintain such status.

(b) The Borrower agrees that (i) it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facilities, or permit the Facilities to be used in or for any trade or business, which shall adversely affect the basis for the exemption of the Borrower as an organization described in Section 501(c)(3) of the Code; (ii) it shall not use more than five percent of the net proceeds of the Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations; (iii) it shall not directly or indirectly use the proceeds of the Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations; (iv) it shall not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the date of issuance of the Bonds, would cause the Bonds to be "arbitrage bonds" or "hedge bonds" under the Code or cause the interest paid by the Issuer on the Bonds to be subject to federal income tax in the hands of the Holders thereof; and (v) it shall use its best efforts to maintain the tax-exempt status of the Bonds.

(c) The Borrower (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement in existence on the date of issuance of the Bonds, formal or informal, purchase the Bonds in an amount related to the amount of the payments due from the Borrower under this Agreement.

SECTION 5.03. AMENDMENT OF PROJECT. The Project may be amended or added to by the Borrower if such amendment or addition is in accordance with the Act and the Tax Agreement and any additional cost of the Project resulting from such change is paid from funds made available by the Borrower for such purpose to the extent not available from proceeds of the Bonds. In order to implement any such amendment or addition to the Project, the Borrower shall provide the Bond Trustee and the Issuer with a revised description of the Project reflecting any relevant modifications to Exhibit A hereof and an Opinion of Bond Counsel to the effect that such amendment or addition will not, in and of itself, adversely affect the tax exempt status of interest on the Bonds. No approvals for such amendment or additions shall be required if implemented in accordance with this Section.

SECTION 5.04. SECURITIES LAW STATUS. The Borrower affirmatively represents, warrants and covenants that, as of the date of this Agreement, it is an organization organized and operated: (i) exclusively for health care or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inure to the benefit of any Person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The Borrower agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

SECTION 5.05. INDEMNITY. (a) The Borrower shall and agrees to indemnify and save the Issuer, the Bond Trustee, and their directors, officers, members, and employees harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Mortgaged Property and against and from all claims arising from (i) any condition of or operation of the Mortgaged Property, (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under any of the Financing Documents, (iii) any act or negligence of the Borrower or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or lessee of the Borrower or of any agents, contractors, servants, employees, or licensees of any assignee or lessee of the Borrower. The Borrower shall indemnify and save the Issuer and the Bond Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as described in the preceding sentence, or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer or the Bond Trustee, the Borrower shall defend them or either of them in any such action or proceeding.

(b) The Borrower agrees that it will indemnify and hold the Bond Trustee and its directors, officers, and employees harmless from any and all liability, cost, or expense, including any act, omission, delay, or refusal of the Bond Trustee in reliance upon any

signature, certificate, order, demand, instruction, request, notice, or other instrument or document believed by it to be valid, genuine, and sufficient.

(c) Notwithstanding the fact that it is the intention of the parties that the Issuer and the Bond Trustee, and their directors, officers, members, and employees shall not incur pecuniary liability by reason of the terms of the Financing Documents or the undertakings required thereunder or by reason of (i) the delivery of the Bonds, (ii) the execution of the Financing Documents, (iii) the performance of any act required by the Financing Documents, (iv) the performance of any act requested by the Borrower, or (v) any other costs, fees, or expenses incurred by the Issuer or the Bond Trustee with respect to the Mortgaged Property, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer or the Bond Trustee should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold harmless the Issuer and the Bond Trustee against all claims by or on behalf of any Person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer or the Bond Trustee, the Borrower shall defend the Issuer and the Bond Trustee in any such action or proceeding. The indemnity contained in this Section 5.05(c) shall not apply to any loss or damage attributable to (x) acts of gross negligence or willful misconduct or intentional misconduct of the Issuer or the Bond Trustee; or (y) material breach by the party seeking indemnification of its obligations under the Financing Documents.

(d) A party seeking indemnification under this Section 5.05 shall notify the Borrower in writing promptly of any claim or action brought against such party in which indemnity may be sought against the Borrower under this Section; and such notice shall be given in sufficient time to allow the Borrower to defend such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Borrower under this Section, if (i) the party seeking indemnification shall not have had knowledge or notice of such claim or action, or (ii) the Borrower's ability to defend such claim or action shall not thereby be materially impaired. In the event, however, that (x) the party seeking indemnification shall not have notified the Borrower promptly of any such claim or action after such party's receipt of notice thereof, and (y) the Borrower's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the party seeking indemnity, then the Borrower's obligation to so defend and indemnify shall be qualified to the extent (and only to the extent) of such material impairment.

(e) The provisions of this Section 5.05 shall survive the termination of this Agreement and the payment in full of Obligation No. 5 and Obligation No. 6 and the resignation or removal of the Bond Trustee pursuant to the Bond Indenture.

SECTION 5.06. LIMITATION OF ISSUER'S LIABILITY. No obligation of the Issuer under or arising out of this Agreement, or any document executed by the Issuer in connection with any property of the Borrower reimbursed, financed or refinanced, directly or

indirectly, out of Bond proceeds or the issuance, sale or delivery of any Bonds shall impose, give rise to or be construed to authorize or permit a debt or pecuniary liability of, or a charge against the general credit of, the Issuer, the State or any political subdivision of the State, but each such obligation shall be a limited obligation of the Issuer payable solely from the Pledged Revenues.

The Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer, the State or of any political subdivision or agency thereof, or a pledge of the faith and credit of the Issuer, the State or of any political subdivision or agency thereof, but the Bonds shall be payable solely from the revenues provided therefor in the Bond Indenture and the Issuer will not be obligated to pay the Bonds or the interest thereon except from the revenues and proceeds pledged therefor in the Bond Indenture and neither the faith and credit nor the taxing power of the Issuer, the State or of any political subdivision or agency thereof will be pledged to the payment of the principal of or the interest on the Bonds. The Issuer shall never be required to (i) levy ad valorem taxes on any property to pay the principal of, premium if any, and the interest on the Bonds or to make any other payments provided in the Bond Indenture and this Agreement; (ii) pay the principal of, premium if any, and the interest on the Bonds from any funds of the Issuer other than those derived by the Issuer from the Pledged Revenues; or (iii) enforce any payment or performance by the Borrower pursuant to this Agreement or the Bond Indenture or in respect of the Bonds unless the Issuer's expenses in respect thereof shall be paid from moneys derived under the Loan Agreement or advanced to the Issuer for such purpose by the Borrower and the Issuer shall receive indemnity to its satisfaction. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, this Agreement, the Bond Indenture, or any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any commissioner, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds, this Agreement, the Bond Indenture, or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof. The Issuer makes no warranty, either express or implied, of the actual or designed capacity of the Project, of the suitability of the Project for the purposes specified in this Agreement, of the condition of the Project or of the suitability of the Project for the Borrower's purposes or needs.

SECTION 5.07. TERMINATION OF OBLIGATIONS AND DISPOSITION OF SURPLUS FUNDS. When all of the Outstanding Bonds have been redeemed or retired and all amounts owed to the Issuer and the Bond Trustee have been paid and all other obligations incurred or to be incurred by the Issuer or the Bond Trustee under the Bond Indenture shall have been paid, or sufficient funds (including investments in Government Obligations or Advance Refunded Municipal Bonds) (as provided in Section 11.02 of the Bond Indenture) are held in trust for the payment of all such unpaid Outstanding Bonds, the obligations of the Borrower hereunder, including the obligation to make further payments on Obligation No. 5 or Obligation No. 6, and the obligations of the Issuer hereunder shall cease, and any surplus funds

remaining to the credit of the Funds or Accounts established under the Bond Indenture promptly shall be paid to the Borrower.

SECTION 5.08. MISCELLANEOUS COVENANTS.

(a) The Borrower hereby agrees to operate, repair and maintain the Facilities at its sole expense and to pay the principal of, premium, if any, and interest on the Bonds when due. The Borrower hereby agrees that until the expiration of the term of this Agreement the Project will be operated in a manner such that it continues to constitute a "project" within the meaning of, or otherwise permitted by, the Act, including, specifically, the Financing Act.

(b) The Borrower will promptly provide written notice of any Event of Default to the Issuer and the Bond Trustee upon Borrower's knowledge of such event.

(c) The Borrower will use due diligence to cause the Facilities to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof and the Facilities will conform, in all material respects, with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Facilities. The Borrower has obtained or will cause to be obtained all requisite approvals of the State and of other federal, state, regional and local governmental bodies that are required to own and operate the Facilities. The Borrower shall do all things necessary to obtain, maintain and renew, from time to time, as necessary all permits, licenses, and governmental approvals necessary to enable it to continue its business as currently conducted.

(d) In the event proceeds of the Bonds are insufficient to pay the costs of the Project in full, the Borrower hereby agrees to pay that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund established under the Bond Indenture. The obligation of the Borrower to complete the Project shall survive any termination of this Agreement.

(e) The Borrower shall, at the Borrower's sole expense, comply with the provisions of the Master Indenture relating to the Facilities or which otherwise affect the Bonds.

(f) The Borrower hereby agrees that the Issuer shall have the right, upon reasonable written notice to the Borrower, to enter upon, inspect and examine any portion of the Facilities at any time during regular business hours in such manner as not to interfere with the normal operations of the Borrower so far as practicable. Representatives of the Borrower may accompany the employees, members or representatives of the Issuer on the premises.

(g) The Borrower hereby agrees to indemnify, protect and hold harmless the Issuer with respect to any nonpayment of any rebate amount with respect to the Bonds and such interest and penalties, and with respect to the unavailability or insufficiency of funds with which to make such payments and with respect to any expenses or costs incurred in complying with the terms of the Tax Agreement.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01. AGREEMENT EVENTS OF DEFAULT. Each of the following events shall constitute and be referred to herein as an "Agreement Event of Default":

(a) If the Borrower shall fail to make, when due, any payment of the principal of, the premium, if any, and interest on any payment hereunder or any Obligation No. 5 Payment or Obligation No. 6 Payment when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof.

(b) If the Borrower shall fail duly to comply with, observe or perform any other covenants, conditions, agreements or provisions hereof or under the Tax Agreement 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 Borrower by the Issuer or the Bond Trustee, or to the Borrower, the Issuer and the Bond Trustee by the Holders of at least 25 percent in aggregate principal amount of the Bonds then Outstanding. If the breach of covenant or agreement is one which cannot be completely remedied within the 60 days after written notice has been given but is capable of cure, it shall not be an Agreement Event of Default as long as the Borrower has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy and provided such default is remedied within 365 days after the initial notice thereof.

(c) If there occurs any Bond Indenture Event of Default.

(d) If there occurs any Master Indenture Event of Default.

The Borrower shall immediately notify the Issuer and the Bond Trustee in writing if any Agreement Event of Default shall occur. Upon having actual notice of the existence of an Agreement Event of Default, the Bond Trustee shall serve written notice thereof upon the Borrower and the Master Trustee unless the Borrower has expressly acknowledged the existence of such Agreement Event of Default in a writing delivered by the Borrower to the Bond Trustee and the Master Trustee or filed by the Borrower in any court and the Bond Trustee has actual knowledge or notice of such filing.

SECTION 6.02. REMEDIES IN GENERAL. Upon the occurrence and during the continuance of any Agreement Event of Default, but subject to the rights of the Master Trustee under the Master Indenture, the Bond Trustee on behalf of the Issuer, at its option, and after indemnification for its costs, may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Borrower hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Borrower's performance hereunder.

(b) Take any action at law or in equity to collect the Obligation No. 5 Payments or Obligation No. 6 Payment then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Borrower hereunder.

(c) Apply to a court of competent jurisdiction for the appointment of a receiver (but only in the case of an Agreement Event of Default described in Section 6.01(a), (c) or (d) hereof) of any or all of the property of the Borrower, such receiver to have such powers as the court making such appointment may confer. Each member of the Borrower hereby consents and agrees, and will, if requested by the Bond Trustee, consent and agree at the time of application by the Bond Trustee for appointment of a receiver and to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, with like effect as such member of the Borrower could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 6.03. DISCONTINUANCE OR ABANDONMENT OF DEFAULT PROCEEDINGS. If any proceedings taken by the Issuer or the Bond Trustee on account of any Agreement Event of Default 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, the Bond Trustee, the Borrower shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee with respect to subsequent Agreement Events of Default shall continue as though no such proceeding had taken place.

SECTION 6.04. REMEDIES CUMULATIVE. No remedy conferred upon or reserved to the Issuer or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Agreement Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Issuer or the Bond Trustee. In the event of any waiver of an Agreement Event of Default hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Agreement Event of Default or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

SECTION 6.05. APPLICATION OF MONEYS COLLECTED. Any amounts collected pursuant to action taken under this Article VI shall be applied, subject to the provisions of the Master Indenture, in accordance with the provisions of Article VII of the Bond Indenture, and to the extent applied to the payment of amounts due on the Bonds shall be credited against amounts due on Obligation No. 5 or Obligation No. 6.

SECTION 6.06. ATTORNEYS' FEES AND OTHER EXPENSES. If, as a result of the occurrence of an Agreement Event of Default, the Issuer or Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower (including attorneys' fees incurred in any bankruptcy proceeding), the Borrower will, on demand, reimburse the Issuer or the Bond Trustee, as the case may be, for the reasonable out-of-pocket fees and expenses of such attorneys and their paralegals and such other reasonable out-of-pocket expenses so incurred.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. AMENDMENTS AND SUPPLEMENTS. This Agreement may be amended, changed or modified only as provided in Article X of the Bond Indenture. Written consent of the Issuer shall be required for any amendments materially affecting the retained rights of the Issuer, including any indemnification rights, any material terms of the Bonds or any amendments to this Section 7.01.

SECTION 7.02. APPLICABLE LAW; ENTIRE UNDERSTANDING. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State. This Agreement, together with the other accompanying documents, express the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth herein or incorporated herein by reference.

SECTION 7.03. EXECUTION IN COUNTERPARTS; ONE INSTRUMENT. 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 7.04. SEVERABILITY. In the event any clause or provision hereof shall be held to be invalid by any court of competent jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions hereof.

SECTION 7.05. NON-BUSINESS DAYS. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 7.06. APPROVAL OF BOND INDENTURE AND BONDS. The Borrower hereby approves the Bond Indenture and accepts all provisions contained therein, including, specifically the obligations of the Borrower to provide written direction to the Issuer and to pay expenses of the Issuer. The Borrower hereby approves the issuance of the Bonds as prescribed in the Bond Indenture.

SECTION 7.07. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give to any Person other than the parties hereto, the Borrower, the Bond Trustee on behalf of the Issuer and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; this Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

SECTION 7.08. BINDING EFFECT. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly given to it hereunder.

SECTION 7.09. NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows or if given by facsimile transmission promptly confirmed by first class mail:

(i) If to the Issuer, addressed to:

City of Pompano Beach, Florida
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Manager
Telephone: (954) 786-4600
Facsimile: (954) 786-4504

With a copy to:

Office of City of Pompano Beach City Attorney
100 West Atlantic Boulevard
Pompano Beach, Florida 33060
Attention: City Attorney
Telephone: (954) 786-4614
Facsimile: (954) 786-4617

(ii) If to the Bond Trustee or Master Trustee, addressed to:

U.S. Bank National Association
500 West Cypress Creek Road, Suite 460
Fort Lauderdale, Florida 33309
Miami, Florida 33131
Attention: U.S. Bank Global Corporate Trust Services
Telephone: (954) 938-2471
Facsimile: (954) 560-8989

(iii) If to the Borrower, addressed to:

John Knox Village of Florida, Inc.
651 S.W. 6th Street
Pompano Beach, Florida 33060
Attention: Chief Executive Officer and Chief Financial Officer
Telephone: (954) 783-4020
Facsimile: (954) 783-4097

The Issuer, the Bond Trustee and the Borrower may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

[Remainder of Page Intentionally Left Blank | Signature Pages Follow]

IN WITNESS WHEREOF, the Borrower has caused these presents to be signed in its name and on its behalf by its duly authorized officer, and the Issuer has caused these presents to be signed in its name and on its behalf and attested by its duly authorized secretary, all as of the day and year first above written.

JOHN KNOX VILLAGE OF FLORIDA,
INC.

By: _____
Name: Gerald S. Stryker
Title: Chief Executive Officer

ATTEST:

By: _____
Name: William Pickhardt
Title: Vice President

[Signature Page | Loan Agreement]

CITY OF POMPANO BEACH, FLORIDA

By: _____
Name: Rex Hardin
Title: Mayor

ATTEST:

By: _____
Name: Asceleta Hammond
Title: City Clerk

[Signature Page | Loan Agreement]

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of paying a portion of the costs related to certain capital improvements to the Borrower's campus including but not limited to constructing and equipping a new 15-story tower with a related new 12-story tower with approximately 146 independent living units and related parking facilities, multi-purpose space, and common areas (referred to as the Westlake Tower project) and constructing and improving waterways, adding foot bridges, and other capital improvements to the Borrower's Facilities including but not limited to the renovations of the Gardens West assisted living venue, the renovations of the entrance features, gates and clock, and updates to the technology safety and emergency system, (the "Campus Projects"), all of which are located on the campus of the Borrower.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of December 1, 2021, is executed and delivered by John Knox Village of Florida, Inc. (the “Obligated Person”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Obligated Person in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Obligated Person through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer (hereinafter defined), the Obligated Person, or anyone on behalf of the Issuer or Obligated Person, regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event

Disclosure or Voluntary Financial Disclosure required to be (or voluntarily) submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means , _____, or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date or a failure to file a Quarterly Report on or before the Quarterly Filing Date.

“Financial obligation” as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Quarterly Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the City of Pompano Beach, Florida, as issuer of the Bonds.

“Master Indenture” shall mean the Amended and Restated Master Trust Indenture by and among the Borrower, as initial Member of the Obligated Group and U.S. Bank National Association, dated as of December 1, 2010, as amended and supplemented, particularly as supplemented by Supplemental Indenture for Obligation No. 4, dated as of October 1, 2020, by and between the Borrower and U.S. Bank National Association, as master trustee.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed in Exhibit A.

“Quarterly Report” means a Quarterly Report described in and consistent with Section 3Q of this Disclosure Agreement.

“Quarterly Filing Date” means the date, set in Section 2Q(a), by which the Quarterly Report is to be filed with the MSRB.

“Trustee” means the institution identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, if any, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 150 days following the end of each fiscal year of the Obligated Person, commencing with the fiscal year ending December 31, 2021. Such date and each anniversary thereof is the “Annual Filing Date.” The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its

undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer, that the Obligated Person will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy each for the Issuer and the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”

4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
5. “Substitution of credit or liquidity providers, or their failure to perform;”
6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
7. “Modifications to rights of securities holders, if material;”
8. Bond calls, if material, and tender offers;
9. “Defeasances;”
10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
11. “Rating changes;”
12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
13. “Merger, consolidation, or acquisition of the obligated person, if material;”
14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
15. “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 obligated person, any of which affect security holders, if material;” and
16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant

to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “Timing of annual disclosure (120 days);”
3. “change in fiscal year/timing of annual disclosure;”
4. “change in accounting standard;”
5. “interim/additional financial information/operating data;”
6. “budget;”
7. “investment/debt/financial policy;”
8. “information provided to rating agency, credit/liquidity provider or other third party;”
9. “consultant reports;” and

10. “other financial/operating data.”

- (viii) upon receipt (or irrevocable direction pursuant to Section 2Q(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit D to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide quarterly report as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (ix) provide the Obligated Person and Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Issuer, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 2Q. Provision of Quarterly Reports.

(a) The Obligated Person shall provide, quarterly, an electronic copy of the Quarterly Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report and the Certification, the Disclosure Dissemination Agent shall provide a Quarterly Report to the MSRB not later than 45 days after the close of the first three fiscal quarters and 60 days after the close of the final fiscal quarter of each Fiscal Year of the Obligated Person (each, a “Quarterly Filing Date”), commencing with the quarter ending March 31, 2021. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3Q of this Disclosure Agreement.

(b) If on the fifth (5th) day prior to the Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its undertaking to provide the Quarterly Report pursuant to Section 2Q(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Quarterly Report and the Certification no later than two (2) business days prior to the Quarterly Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing,

with a copy to the Issuer, that the Obligated Person will not be able to file the Quarterly Report within the time required under this Disclosure Agreement, state the date by which the Quarterly Report for such quarter will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received a Quarterly Report and Certification by 10:00 a.m. Eastern time on the Quarterly Filing Date (or, if such Quarterly Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Quarterly Report, a Failure to File Event shall have occurred and the Obligated Person irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit D without reference to the anticipated filing date for the Quarterly Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain a copy of the items required pursuant to Sections 3.11(h) and (i) of the Master Indenture; and

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Obligated Person is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 3Q. Content of Quarterly Reports.

(a) Each Quarterly Report shall contain such information as the Obligated Person shall have agreed to provide, consisting of the items required to be filed pursuant to Sections 3.11(c) and (e) of the Master Indenture.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document

incorporated by reference is a final official statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

If the Quarterly financial information contains modified operating data or financial information different from the Quarterly financial information agreed to in the continuing disclosure undertaking related to the Bonds, the Obligated Person is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this

Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Obligated Person will provide the Disclosure Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has

been instructed by the Obligated Person as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(c) The parties hereto acknowledge that the Obligated Person is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Obligated Person has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, if any, replace or appoint a successor to the Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer and the Obligated Person.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties'

obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer Responsibility. The Obligated Person and the Disclosure Dissemination Agent acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures

required by or provided pursuant to this Disclosure Agreement, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Obligated Person and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the Obligated Person nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer and the Obligated Person. No such amendment shall become effective if the Obligated Person shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Issuer, the Trustee (if any), the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Obligated Person have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

as Obligated Person

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer City of Pompano Beach, Florida
Obligated Person(s) John Knox Village of Florida, Inc.
Name of Bond Issue:

\$ _____
CITY OF POMPAÑO BEACH, FLORIDA
(JOHN KNOX VILLAGE PROJECT), SERIES 2021

CONSISTING OF:

\$ _____
REVENUE BONDS
SERIES 2021A

\$ _____
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-1

\$ _____
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-2

Date of Issuance: December __, 2021
Date of Official Statement November __, 2021

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer City of Pompano Beach, Florida
Obligated Person(s) John Knox Village of Florida, Inc.
Name of Bond Issue:

\$ _____
CITY OF POMPANO BEACH, FLORIDA
(JOHN KNOX VILLAGE PROJECT), SERIES 2021

CONSISTING OF:

\$ _____
REVENUE BONDS
SERIES 2021A

\$ _____
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-1

\$ _____
ENTRANCE FEE
PRINCIPAL REDEMPTION BONDSSM
SERIES 2021B-2

Date of Issuance: December __, 2021
Date of Official Statement November __, 2021

Date(s) of Disclosure December 1, 2021
Agreement:

CUSIP Numbers: _____

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Obligated Person and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Issuer's Six-Digit CUSIP Number:

Issuer's Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached: _____

____ Description of Notice Event (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;" Tender offers;
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
14. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."
15. _____ "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 obligated person, any of which affect security holders, if material;" and
16. _____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required

____ Failure to provide quarterly report as required

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary event disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Obligated Person and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

Issuer’s Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Check One):

1. _____ “amendment to continuing disclosure undertaking;”
2. _____ “change in obligated person;”
3. _____ “notice to investors pursuant to bond documents;”
4. _____ “certain communications from the Internal Revenue Service;”
5. _____ “secondary market purchases;”
6. _____ “bid for auction rate or other securities;”
7. _____ “capital or other financing plan;”
8. _____ “litigation/enforcement action;”
9. _____ “change of tender agent, remarketing agent, or other on-going party;”
10. _____ “derivative or other similar transaction;” and
11. _____ “other event-based disclosures.”

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary financial disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Obligated Person and DAC.

Issuer’s and Obligated Person’s Names:

Issuer’s Six-Digit CUSIP Number:

Issuer’s Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Check One):

1. _____ “quarterly/monthly financial information;”
2. _____ “change in fiscal year/timing of annual disclosure;”
3. _____ “change in accounting standard;”
4. _____ “interim/additional financial information/operating data;”
5. _____ “budget;”
6. _____ “investment/debt/financial policy;”
7. _____ “information provided to rating agency, credit/liquidity provider or other third party;”
8. _____ “consultant reports;” and
9. _____ “other financial/operating data.”

I hereby represent that I am authorized by the Obligated Person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT D

NOTICE TO MSRB OF FAILURE TO FILE QUARTERLY REPORT

Issuer _____

Obligated Person: _____

Name(s) of Bond Issue(s): _____

Date(s) of Issuance: _____

Date(s) of Disclosure
Agreement: _____

CUSIP Numbers: _____

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided a Quarterly Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Obligated Person and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Quarterly Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Obligated Person

cc:

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2021 Bonds in definitive form, Bryant Miller Olive P.A., Bond Counsel, proposes to render an approving opinion with respect to the Series 2021 Bonds in substantially the following form:

[Date of Issuance]

City of Pompano Beach, Florida
Pompano Beach, Florida

John Knox Village of Florida, Inc.
Pompano Beach, Florida

Re: \$_____ City of Pompano Beach, Florida Revenue Bonds Series 2021A (the "Series 2021A Bonds"), \$_____ City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds Series 2021B-1 (the "Series 2021B-1 Bonds") and \$_____ City of Pompano Beach, Florida Entrance Fee Principal Redemption Bonds Series 2021B-2 (the "Series 2021B-2 Bonds" and together with the Series 2021A Bonds and the Series 2021B-1 Bonds, the "Series 2021 Bonds")

Ladies and Gentlemen:

We have acted as Bond Counsel to John Knox Village of Florida, Inc. (the "Borrower") in connection with the issuance by the City of Pompano Beach, Florida (the "Issuer") of the above-referenced Series 2021 Bonds. The Series 2021 Bonds are being issued pursuant to and under the Constitution and laws of the State of Florida, particularly Chapter 166, Florida Statutes and Chapter 159, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), Resolution No. 2020-238 adopted by the City Commission of the City (the "City Commission") on November 9, 2021 (the "Resolution"), the Bond Indenture, dated as of December 1, 2021 (the "Bond Indenture") between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), the Loan Agreement dated as of December 1, 2021, between the Issuer and the Borrower (the "Agreement") and such other documents and instruments and proceedings of the Issuer as we have deemed relevant in connection with the issuance and sale of the Series 2021 Bonds consisting of book-entry fully registered bonds, dated December ____, 2021. All terms used herein in capitalized form shall have the same meanings as ascribed to those terms in the Resolution, the Agreement, and the Bond Indenture, as applicable.

The Series 2021 Bonds will be secured by payments to be made by the Borrower under the Agreement and the issuance of obligations of the Borrower known as Obligation No. 5 and Obligation No. 6 ("Obligation No. 5 and Obligation No. 6") issued under the Composite Amended and Restated Master Trust Indenture dated as of October 1, 2020 as amended and supplemented from time-to-time (the "2020 Master Trust Indenture"), between the Borrower

and U.S. Bank National Association, as master trustee (the "Master Trustee"), and issued pursuant to the Supplemental Indenture for Obligation No. 5 and Obligation No. 6 dated as of December 1, 2021, between the Borrower and the Master Trustee (the "Supplemental Indenture for Obligation No. 5 and Obligation No. 6").

As to questions of fact material to our opinion, we have examined and relied upon representations of the Issuer contained in the Bond Indenture and the Borrower contained in the Agreement and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have made no examination of the title to the Property or the Project or any other property of the Borrower, or any part thereof.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the City of Pompano Beach City Attorney as counsel to the Issuer, with respect to various matters concerning the Issuer, including with respect to: (i) the status of the Issuer, (ii) the due adoption of the Resolution, (iii) the due execution and delivery by the Issuer of the Issuer Documents (as defined therein), and (iv) the compliance by the Issuer with all conditions relating to the Issuer contained in the resolutions of the Issuer precedent to the issuance of the Series 2021 Bonds.

In rendering this opinion, we have also examined and relied upon the opinion of even date herewith of Gray Robinson LLP, as counsel to Borrower, with respect to various matters concerning the Borrower, including with respect to: (i) the status of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), exempt from federal income tax under Section 501(a) of the Code, and not a private foundation within the meaning of Section 509(a) of the Code, (ii) the qualification to do business of the Borrower, (iii) the power of the Borrower to enter into and perform the Corporation Documents (as therein defined), (iv) the authorization, execution and delivery of the Corporation Documents by the Borrower, and (v) the Corporation Documents being binding upon and enforceable against the Borrower.

Pursuant to the Bond Indenture, the Series 2021 Bonds are payable as to principal, premium and interest solely from, and are secured by, payments to be made by the Borrower under the Agreement and the Obligation No. 5 and Obligation No. 6, which payments are to be made from and are secured by certain Gross Revenues derived by the Borrower from its operations and certain moneys held by the Trustee under the Bond Indenture, all as more fully described in the Agreement, Bond Indenture and the 2020 Master Trust Indenture.

The Series 2021 Bonds are payable from and secured by a pledge of the Gross Revenues on parity and equal status with the Issuer's Health Facilities Revenue Bonds (John Knox Village Project), Series 2015 and the Issuer's Health Facilities Revenue Refunding Bonds (John Knox Village Project), Series 2020 (the "Outstanding Parity Bonds"). With respect to the Outstanding Parity Bonds, the Borrower currently has Obligations outstanding under the 2020 Master Trust Indenture evidencing its obligation to repay amounts due with respect to such Outstanding Parity Bonds. Pursuant to the terms, conditions and limitations contained in the 2020 Master Trust Indenture, the Borrower has reserved the right to issue Obligations in the future which shall have a lien on the Gross Revenues equal to that of the Series 2021 Bonds and the Outstanding Parity Bonds.

The Series 2021 Bonds and the obligation evidenced thereby do not constitute a general debt, liability, or obligation of the Issuer, the State of Florida or any political subdivision thereof. The Issuer is not obligated to pay the Series 2021 Bonds or any interest or premium thereon except from amounts payable to it under the Agreement or from other collateral pledged therefor, if any, and neither the faith and credit nor the taxing power of the Issuer, the State of Florida or of any political subdivision thereof is pledged, directly or indirectly, to the payment of the principal of, premium, if any, or the interest on the Series 2021 Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

1. The Bond Indenture and the Agreement constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. All rights of the Issuer under the Agreement (except the right to enforce certain limited provisions of the Agreement) have been validly assigned to the Bond Trustee under the Bond Indenture.
2. The Series 2021 Bonds are legal, valid and binding limited obligations of the Issuer, payable solely from the Trust Estate in the manner and to the extent provided in the Bond Indenture.
3. The Bond Indenture creates a valid lien upon the Trust Estate for the security of the Series 2021 Bonds, all in the manner and to the extent provided in the Bond Indenture.
4. Interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has

covenanted in the Bond Indenture and the Borrower has covenanted in the Agreement and the Tax Certificate and Agreement to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021 Bonds.

It is to be understood that the rights of the owners of the Series 2021 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Series 2021 Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2021 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2021 Bonds or regarding the perfection or priority of the lien, except as described in paragraph 3 above. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Series 2021 Bonds. Further, we express no opinion regarding federal income tax consequences arising with respect to the Series 2021 Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the 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 believes the source of such information to be reliable, but neither the Corporation nor the Issuer take any responsibility for the accuracy or completeness thereof.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, as hereinafter defined (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

“DTC Participants” means the securities brokers and dealers, banks, trust companies, and clearing corporations, which may include underwriters, agents, or dealers that clear through or maintain a custodial relationship with any of the foregoing, either directly or indirectly.

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

General

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Authority (“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 Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to

receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer 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 Bond Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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 depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised

through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indentures will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the Issuer or the Underwriter.

Effect of Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Issuer, the following provisions will be applicable to the Bonds. The Bonds may be exchanged for an equal aggregate principal amount of the Bonds in authorized denominations and of the same maturity upon surrender thereof at the principal office for payment of the Bond Trustee. The transfer of any Bond may be registered on the books maintained by the Bond Trustee for such purpose only upon the surrender of such Bond to the Bond Trustee with a duly executed assignment in form satisfactory to the Bond Trustee. For every exchange or transfer of registration of Bonds, the Bond Trustee and the Issuer may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Issuer shall pay the fee, if any, charged by the Bond Trustee for the transfer or exchange. The Bond Trustee will not be required to transfer or exchange any Bond after its selection for redemption. The Issuer and the Bond Trustee may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes, whether such Bond is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Bond.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee will satisfy the Issuer's respective obligations under the Bond Indenture and the Obligated Group's respective obligations under the Loan Agreement to the extent of the payments so made.

None of the Issuer, the Underwriter nor the Bond Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event that would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond or (iv) any consent given by DTC as registered owner.

Prior to any discontinuation of the book-entry only system described above, the Issuer and the Bond Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds, and (iv) the selection of Bonds for redemption. The Issuer 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 Bonds, paid to DTC or its nominee, as the registered owner of the 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 Bonds, as nominee of DTC, references in this Official Statement to the Holders of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the Bonds for all purposes under the Bond Indenture.

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

