RESOLUTION NO. 18-43

A RESOLUTION PROVIDING FOR THE ISSUANCE BY THE CITY OF ATLANTIC BEACH, FLORIDA OF ITS HEALTH CARE FACILITIES REVENUE BONDS (FLEET LANDING PROJECT), SERIES 2018, IN ONE OR MORE SERIES OR SUBSERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $140,000,000, AND FOR A LOAN BY THE CITY TO NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC., A FLORIDA NOT FOR PROFIT CORPORATION, IN A PRINCIPAL AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT OF SAID SERIES 2018 BONDS, FOR THE PURPOSES OF (A) FINANCING OR REFINANCING, INCLUDING THROUGH REIMBURSEMENT, ALL OR PART OF THE COSTS OF CERTAIN CAPITAL PROJECTS FOR THE CONTINUING CARE RETIREMENT FACILITIES KNOWN AS "FLEET LANDING" AS DESCRIBED IN THIS RESOLUTION, (B) FUNDING DEBT SERVICE RESERVES FOR THE SERIES 2018 BONDS, (C) FUNDING CAPITALIZED INTEREST WITH RESPECT TO THE SERIES 2018 BONDS AND (D) PAYING ALL OR A PORTION OF THE COST OF ISSUING THE SERIES 2018 BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2018 BONDS AND FOR THE PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE AND LOAN AGREEMENT; AUTHORIZING A NEGOTIATED SALE OF THE SERIES 2018 BONDS, AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT TO THE SERIES 2018 BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2018 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF THE SERIES 2018 BONDS AND OTHER RELATED INSTRUMENTS AND CERTIFICATES; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2018 BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF ATLANTIC BEACH, FLORIDA:

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

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

"Act" means the Constitution of the State of Florida, Chapter 159, Part II, Florida Statutes, as amended from time to time, and other applicable provisions of law.

"Bond Purchase Agreement" means the Bond Purchase Agreement among the Issuer, the Borrower and the Underwriter, substantially in the form attached hereto as Exhibit C, as amended or supplemented from time to time.

"Borrower" means Naval Continuing Care Retirement Foundation, Inc., a Florida not for profit corporation and an organization described in Section 501(c)(3) of the Code, and its lawful successors and assigns, to the extent permitted by the Loan Agreement.

"City" means the City of Atlantic Beach, Florida, an incorporated municipality of the State.

"City Commission" means the City Commission of the City.

"Code" means the Internal Revenue Code of 1986, as amended.

"Facilities" means the continuing care retirement facilities known as "Fleet Landing" which are located at One Fleet Landing Boulevard, Atlantic Beach, Florida and all land, buildings, structures, improvements, equipment, fixtures, machinery, furniture, furnishings and other real and personal property now or hereafter attached to, or located in, or used in connection with, any such land, buildings, structures or improvements and all additions thereto, substitutions therefor and replacements thereof, whether now owned or hereafter acquired by the Borrower.

"Indenture" means the Indenture of Trust between the Issuer and the Trustee, substantially in the form attached hereto as Exhibit A, as amended or supplemented from time to time.

"Issuer" means the City.

"Loan Agreement" means the Loan Agreement between the Issuer and the Borrower, substantially in the form attached hereto as Exhibit B, as amended or supplemented from time to time.

"Mayor" means the Mayor or, in the Mayor's absence, such other officer of the Issuer as may be duly authorized by the Issuer to act on the Mayor's behalf.

"Preliminary Official Statement" means the Preliminary Official Statement relating to the Series 2018 Bonds, substantially in the form attached hereto as Exhibit D.

"Project" means the certain capital projects at the Facilities consisting of (i) the design, acquisition, construction and installation of approximately 128 independent living apartments containing approximately 228,506 square feet, approximately 38 assisted living apartments containing approximately 41,225 square feet, approximately 30 skilled nursing units containing approximately 28,850 square feet, a restaurant building containing approximately 12,000 square feet, which will accommodate three (3) dining establishments, and an addition to the existing wellness facilities containing approximately 10,000 square feet, (ii) the renovation of existing assisted living units, (iii) the renovation of existing wellness amenity spaces, and (iv) the acquisition, construction and installation of related facilities, improvements, fixtures, furnishings and equipment, and other capital expenditures at the Facilities.

"State" means the State of Florida.

"Trustee" means U.S. Bank National Association, Jacksonville, Florida, or a national banking association or trust company at the time serving as corporate trustee under the provisions of the Indenture.

"Underwriter" means B.C. Ziegler and Company, as the underwriter of the Series 2018 Bonds.

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

A. The Issuer is an incorporated municipality of the State and is a "local agency" duly authorized and empowered by the Act to finance the acquisition, construction, reconstruction, improvement, rehabilitation, renovation, expansion and enlargement, or additions to, furnishing and equipping of any capital project, including any "project" (as defined or described in the Act), including land, rights in land, buildings and other structures, machinery, equipment, appurtenances and facilities incidental thereto, and other improvements necessary or convenient therefor, and to obtain funds to finance or refinance the cost thereof by the issuance of its revenue bonds, as the case may be, for the purposes, among others, of enhancing and expanding the health care and senior living industry, improving the prosperity and welfare of the State and its inhabitants, improving living conditions and health care in the State, increasing purchasing power and opportunities for gainful employment, and otherwise providing for and contributing to the health, safety and welfare of the people of the State.

B. The Borrower has requested that the Issuer issue the Series 2018 Bonds for the purposes of (i) paying or reimbursing the Borrower for all or a part of the cost of the Project, (ii) funding a debt service reserve fund, (iii) funding capitalized interest with respect to the Series 2018 Bonds and (iv) paying costs of issuing the Series 2018 Bonds.

C. To reduce the transaction and financing costs relating to the issuance of separate bond issues in separate cities, the Borrower has requested the Issuer to finance the Project through the issuance of the Series 2018 Bonds, with the proceeds of the Series 2018 Bonds to be loaned by the Issuer to the Borrower to finance the costs of the portions of the Project located in the City and in the City of Jacksonville, Florida (the "City of Jacksonville") (both of which are located in Duval County, Florida (the "County")). The Borrower has

represented to the Issuer that financing the Project pursuant to a single financing plan will result in substantial cost savings for the Borrower in connection with the Project.

D. The Series 2018 Bonds will be secured by an obligation of the Borrower in the Loan Agreement to make payments sufficient to pay, among other things, the principal of and premium, if any, and interest on such Bonds when and as the same become due.

E. In compliance with Section 147(f) of the Code and the Treasury Regulations thereunder, notice of a public hearing pertaining to the issuance of the Series 2018 Bonds, the financing of the Project and the location and nature of the Project has been duly given in the same manner as required by the Issuer for the adoption of resolutions generally, including publication of notice not less than fourteen (14) days prior to such public hearing in a newspaper of general circulation in the City. Such public hearing was held by the Issuer, on behalf of the Issuer and the City of Jacksonville, on October 22, 2018, and interested individuals were provided a reasonable opportunity to express their views, both orally and in writing, on the proposed issuance of the Series 2018 Bonds, the financing of the Project and the location and nature of the Project.

F. The Issuer has been advised that the financing of all or a part of the cost of the Project by the Issuer will be in furtherance of the purposes of the Act in that it will enhance and expand the health care and senior housing industries, promote and foster the economic growth and development of the Issuer and the State, advance the public purposes providing modern and efficient continuing care facilities in the City and the County, improve living conditions and health care and will serve other predominantly public purposes as set forth in the Act. The Project is appropriate to the needs and circumstances of and shall make a significant contribution to the economic growth and development of the City, the County and the State, shall preserve and provide gainful employment and shall serve a public purpose by advancing the economic prosperity and the general welfare of the City, the County, the State and its people as stated in Section 159.26, Florida Statutes, as amended.

G. Based on representations made by the Borrower, the City and other local agencies have been and will continue to be able to cope satisfactorily with the impact of the Facilities and have been and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that have been or will be necessary for the construction, operation, repair and maintenance of the Facilities and on account of any increases in population or other circumstances resulting therefrom.

H. Adequate provision has been made in the documents attached hereto for a loan by the Issuer to the Borrower to finance all or a portion of the cost of the Project for the operation, repair and maintenance of the Facilities at the expense of the Borrower and for the repayment by the Borrower of the loan in installments sufficient to pay the principal of, premium, if any, and the interest on the Series 2018 Bonds and all costs and expenses relating thereto in the amounts and at the times required, and for the payment by the Borrower of all costs incurred by the Issuer in connection with the financing of all or a portion of the cost of the Project and the administration of the Facilities.

I. Based upon the financial information heretofore furnished to the Issuer by the Borrower, the Borrower is financially responsible and fully capable and willing to serve the purposes of the Act and fulfill its obligations under the proposed financing agreements for the Project and under any other agreements to be made in connection with the issuance of the Series 2018 Bonds and the use of the Bond proceeds for financing all or a part of the cost of the Project, including the obligation to pay loan payments or other payments in an amount sufficient in the aggregate to pay all of the interest, principal and redemption premiums, if any, on the Series 2018 Bonds, in the amounts and at the times required, the obligation to operate, repair and maintain the Project at the Borrower's own expense, and such other responsibilities as may be imposed under such agreements, due consideration having been given to the financial condition of the Borrower, its ratio of current assets to current liabilities, net worth, earnings trends and coverage of all fixed charges, the nature of the industry or business and of the activity involved, the inherent stability thereof and other factors determinative of the capabilities of the Borrower financially and otherwise, to fulfill its obligations consistently with the purposes of the Act.

J. Based on representations made by the Borrower, the cost of the Project are "costs" of a "project" within the meaning of the Act. All of the proceeds of the Series 2018 Bonds will be applied to the financing of a portion of the cost of the Project, financing a debt service reserve fund and paying costs of issuance of the Series 2018 Bonds, as provided herein.

K. Based on information supplied by the Borrower, the best interests of the inhabitants of the City will be served, and the public purposes of the Act will be advanced, by the financing all or all or a portion of the cost of the Project in the manner described in the Loan Agreement and the Indenture.

L. The principal of, premium, if any, and interest on the Series 2018 Bonds, and all sinking fund and other payments required to be made by the Issuer under the provisions of the Indenture and the Loan Agreement, shall be payable solely from certain moneys pledged under the Indenture, including but not limited to certain payments of the Borrower under the Loan Agreement. The Series 2018 Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer, the County or the State or any political subdivision thereof, or a pledge of the faith and credit or the taxing power of the Issuer, the County or the State or any political subdivision thereof, but shall be payable solely from the revenues and proceeds pledged thereto under the Indenture. The issuance of the Series 2018 Bonds shall not directly or indirectly, or contingently, obligate the Issuer, the County or the State or any political subdivision thereof, to levy or pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof. No holder or owner of any of the Series 2018 Bonds shall ever have any right to compel the exercise of the ad valorem taxing power or the levy or collection of any ad valorem taxes, directly or indirectly, for the payment of any of the principal of, premium, if any, or interest on the Series 2018 Bonds.

M. The payments to be made by the Borrower under the Loan Agreement will be sufficient to pay all principal of, premium, if any, and interest on the Series 2018 Bonds, as the same shall become due, and to make all other payments required by the Loan Agreement and the Indenture.

N. A negotiated sale of the Series 2018 Bonds is required and necessary and is in the best interest of the Issuer for the following reasons: the Series 2018 Bonds will be special and limited obligations of the Issuer payable out of moneys derived by the Issuer from the Borrower or as otherwise provided herein and will be secured by funds and collateral of the Borrower; the Borrower will be required to pay all costs of the Issuer in connection with the financing; the cost of issuance of the Series 2018 Bonds, which must be borne directly or indirectly by the Borrower, would most likely be greater if the Series 2018 Bonds are sold at public sale by competitive bids than if the Series 2018 Bonds are sold at negotiated sale, and there is no basis, considering prevailing market conditions, for any expectation that the terms and conditions of a sale of the Series 2018 Bonds at public sale by competitive bids would be any more favorable than at negotiated sale; because prevailing market conditions are uncertain, it is desirable to sell the Series 2018 Bonds at a predetermined price; and revenue bonds having the characteristics of the Series 2018 Bonds are typically sold at negotiated sale under prevailing market conditions.

O. The Underwriter has orally agreed with the Borrower to use its best efforts to submit to the Issuer and the Borrower an offer to purchase the Series 2018 Bonds in substantially the form of the Bond Purchase Agreement upon terms acceptable to the Issuer and the Borrower as hereinafter authorized, and it is necessary and appropriate to authorize a negotiated sale of the Series 2018 Bonds to the Underwriter and to authorize the execution and delivery of the Bond Purchase Agreement upon the terms hereinafter provided.

P. It is appropriate that the Issuer approve the use and distribution by the Underwriter of the Preliminary Official Statement, and that the Issuer authorize the distribution of a final official statement prior to the issuance and delivery of the Series 2018 Bonds. For this purpose, it is appropriate that the Preliminary Official Statement be approved and that preparation and distribution of a final official statement in the manner hereinafter provided be authorized.

Q. All conditions precedent to the financing of the Project have been satisfied, or will be satisfied prior to the delivery of the Series 2018 Bonds, and the issuance of the Series 2018 Bonds will otherwise comply with all of the provisions of the Act.

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

SECTION 5. AUTHORIZATION OF THE SERIES 2018 BONDS. For the purpose of providing funds to (i) pay or reimburse the cost of the Project, (ii) fund a debt service reserve fund, (iii) fund capitalized interest with respect to the Series 2018 Bonds and (iv) pay certain costs of issuance of the Series 2018 Bonds, and subject and pursuant to the provisions hereof, the issuance of the Series 2018 Bonds in an aggregate principal amount of not to exceed $140,000,000 is hereby authorized; provided, however, that no series of Bonds shall be issued unless and until (i) the City Attorney has rendered a legal opinion relating to the issuance of the of Series 2018 Bonds and (ii) Foley & Lardner LLP, or other nationally recognized bond counsel, has rendered an opinion to the effect (among other things) that the interest on the Series 2018 Bonds will be excluded from gross income for federal income tax purposes under existing laws of the United States of America at the time of the delivery of the Series 2018 Bonds.

The Series 2018 Bonds shall be in the aggregate principal amounts, dated such dates, shall bear interest at such rates, shall be payable or shall mature on such dates and in such amounts, shall be issued in such denominations, shall be subject to optional and mandatory redemption and tender at such time or times, and upon such terms and conditions, shall be payable at the place or places and in the manner, shall be executed, authenticated and delivered, shall otherwise be in such forms, and subject to such terms and conditions, all as provided in the Indenture and Bond Purchase Agreement.

The Series 2018 Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a general debt, liability or obligation of the Issuer, the County or the State, or of any political subdivision thereof, or a pledge of the faith and credit of the Issuer, the County or the State or of any political subdivision thereof, but shall be payable solely from the Trust Estate (as defined in the Indenture) provided therefor under the Indenture, and the Issuer is not obligated to pay the Series 2018 Bonds or the interest thereon except from such Trust Estate pledged therefor and neither the faith and credit of the Issuer nor the faith and credit or taxing power of the Issuer, the State, the County or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Series 2018 Bonds.

SECTION 6. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE INDENTURE. The Indenture, substantially in the form attached hereto as Exhibit A with such insubstantial changes, corrections, insertions and deletions as may be approved by the Mayor, such approval to be evidenced conclusively by their execution thereof, is hereby approved and authorized; the Issuer hereby authorizes and directs the Mayor to date and execute and the City Clerk to attest, under the official seal of the Issuer, the Indenture, and to deliver the Indenture to the Trustee; and all of the provisions of the Indenture, when executed and delivered by the Issuer, as authorized herein, and by the Trustee, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 7. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. The Loan Agreement, substantially in the form attached hereto as Exhibit B with such insubstantial changes, corrections, insertions and deletions as may be approved by the Mayor, such approval to be evidenced conclusively by their execution thereof, is hereby approved and authorized; the Issuer hereby authorizes and directs the Mayor to date and execute and the City Clerk to attest, under the official seal of the Issuer, the Loan Agreement, and to deliver the Loan Agreement to the Borrower; and all of the provisions of the Loan Agreement, when executed and delivered by the Issuer, as authorized herein, and by the Borrower, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. NEGOTIATED SALE OF SERIES 2018 BONDS; AUTHORIZATION OF EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT. Subject to the satisfaction of the conditions set forth in this Section, a negotiated sale of the Series 2018 Bonds is hereby authorized. The Mayor is hereby authorized and directed to award the sale of the Series 2018 Bonds to the Underwriter pursuant to the provisions of the Bond Purchase Agreement, subject to all the following conditions:

A. Receipt by the Mayor of the Bond Purchase Agreement providing for, among other things, (i) the issuance of the Series 2018 Bonds in an aggregate principal amount which shall not to exceed $140,000,000, (ii) an underwriter's discount not in excess of 1.60% of the par amount of such Series 2018 Bonds, (iii) a true interest cost not to exceed 5.75% per annum, and (iv) the final maturity date of such Bonds to be no later than thirty-six (36) years from the dated date of such Series 2018 Bonds.

B. Receipt by the Mayor from the Underwriter of a disclosure statement and truth-in-bonding information complying with Section 218.385, Florida Statutes.

Upon satisfaction of the foregoing conditions, the Bond Purchase Agreement, with such other insubstantial changes, corrections, insertions and deletions as may be approved by the Mayor, such approval to be evidenced conclusively by the Mayor's execution thereof, is approved and authorized; the Issuer hereby authorizes and directs the Mayor to date and execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriter; and all of the provisions of the Bond Purchase Agreement, when executed and delivered by the Issuer as authorized herein and by the Borrower and the Underwriter, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 9. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary to complete the Preliminary Official Statement and allow the Mayor to deem the Preliminary Official Statement final as hereinafter described, is authorized to be used in connection with the sale of the Series 2018 Bonds. Although the Issuer hereby consents to and approves the use and distribution by the Underwriter of the Preliminary Official Statement, the Issuer has not participated in the preparation of the Preliminary Official Statement and makes no representations as to its accuracy or completeness other than in respect to any information contained therein under the caption "THE ISSUER" and under the caption "LITIGATION – The Issuer." The Mayor is hereby authorized to deem the Preliminary Official Statement final as of its date on behalf of the Issuer for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for such omissions permitted by such Rule), and to execute a certificate to that effect to be delivered to the Underwriter. A final official statement in substantially the form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor prior to the release thereof, is hereby authorized for use and distribution by the Underwriter prior to the issuance and delivery of the Series 2018 Bonds.

SECTION 10. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND INSTRUMENTS. The Mayor and the City Clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as counsel for the Issuer, counsel to the Underwriter or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 2018 Bonds, and to execute and deliver such other instruments, including but not limited to, tax certificates and agreements, deeds, assignments, bills of sale and financing statements, as shall be necessary or desirable to perform the Issuer's obligations under the Loan

Agreement, the Indenture and the Bond Purchase Agreement, and to consummate the transactions hereby authorized.

SECTION 11. NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2018 Bonds, the Loan Agreement, the Indenture, the Bond Purchase Agreement, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2018 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2018 Bonds, the Loan Agreement, the Indenture, the Bond Purchase Agreement, or any certificate or other instrument to be executed in connection with the issuance of the Series 2018 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 12. APPOINTMENT OF BOND TRUSTEE. U.S. Bank National Association, a national banking association, with a designated corporate trust office located in Jacksonville, Florida, is hereby appointed as the Bond Trustee (the "Bond Trustee") under the Indenture relating to the Series 2018 Bonds and as registrar and paying agent with respect to the Series 2018 Bonds.

SECTION 13. VALIDATION. The Series 2018 Bonds shall not be required to be validated pursuant to Chapter 75, Florida Statutes, as amended; provided, however, that if required by counsel to the Issuer, counsel to the Borrower or Bond Counsel, the Series 2018 Bonds may be validated and in such event Issuer's counsel is hereby authorized, at the expense of the Borrower, to prepare validation pleadings on behalf of the Issuer and to take any and all action as Issuer's counsel may deem necessary or desirable for the validation of such Series 2018 Bonds.

SECTION 14. NO THIRD PARTY BENEFICIARIES. Except as provided herein or in the Series 2018 Bonds, the Loan Agreement, the Indenture, the Bond Purchase Agreement, and any assignment thereof, nothing in this Resolution or in such documents, expressed or implied, is intended or shall be construed to confer upon any person, firm, corporation or other organization, other than the Issuer, the Borrower, the Bond Trustee, the Underwriter and the owners from time to time of the Series 2018 Bonds any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof or of such documents; this instrument, such documents and all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower, the Bond Trustee and the owners from time to time of the Series 2018 Bonds.

SECTION 15. PREREQUISITES PERFORMED. All acts, conditions and things relating to the passage of this Resolution, to the issuance, sale and delivery of the Series 2018 Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Bond Purchase Agreement, required by the Constitution or other laws of the State, to happen, exist and be performed precedent to the passage hereof, and precedent to the issuance, sale and delivery of the Series 2018 Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Bond Purchase Agreement, have either happened, exist and have been performed as so

required or will have happened, will exist and will have been performed prior to such execution and delivery.

SECTION 16. COMPLIANCE WITH CHAPTER 218, PART III, FLORIDA STATUTES. The Issuer hereby approves and authorizes the completion and filing with the Division of Bond Finance, Department of General Services of the State of Florida, at the expense of the Borrower, of Bond Information Form BF 2003, and any other acts as may be necessary to comply with Chapter 218, Part III, Florida Statutes, as amended.

SECTION 17. GENERAL AUTHORITY. The commissioners, officials, attorneys, engineers or other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Resolution, the Series 2018 Bonds, the Loan Agreement, the Indenture, and the Bond Purchase Agreement, and to do all acts and things which are desirable and consistent with the requirements hereof or of the Series 2018 Bonds, the Loan Agreement, and the Indenture, for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2018 Bonds, the Loan Agreement and the Indenture.

SECTION 18. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law, though not expressly prohibited, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions hereof or of the Series 2018 Bonds issued under the Indenture.

SECTION 19. REPEALING CLAUSE. All resolutions or parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

[*Remainder of this page intentionally left blank.*]

SECTION 20. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 22nd day of October, 2018.

CITY OF ATLANTIC BEACH, FLORIDA

By:_____
Mayor

(OFFICIAL SEAL)

ATTEST:

_____
City Clerk

APPROVED AS TO FORM AND CORRECTNESS:

_____
City Attorney

EXHIBIT LIST

Exhibit A – Indenture of Trust
Exhibit B – Loan Agreement
Exhibit C – Bond Purchase Agreement
Exhibit D – Preliminary Official Statement

EXHIBIT A

INDENTURE OF TRUST

INDENTURE OF TRUST

between

CITY OF ATLANTIC BEACH, FLORIDA

and

U.S. BANK NATIONAL ASSOCIATION,
AS BOND TRUSTEE

Dated as of December 1, 2018

Relating to

CITY OF ATLANTIC BEACH, FLORIDA
HEALTH CARE FACILITIES REVENUE BONDS
(FLEET LANDING PROJECT),
SERIES 2018A

CITY OF ATLANTIC BEACH, FLORIDA
HEALTH CARE FACILITIES REVENUE BONDS
(FLEET LANDING PROJECT),
SERIES 2018B

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

ARTICLE III
REVENUES AND FUNDS

ARTICLE VIII
DEFAULTS AND REMEDIES

ARTICLE IX
CONCERNING THE BOND TRUSTEE AND PAYING AGENTS

ARTICLE X
SUPPLEMENTAL INDENTURES AND AMENDMENTS TO THE LOAN AGREEMENT

ARTICLE XI
MISCELLANEOUS

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of December 1, 2018, between the CITY OF ATLANTIC BEACH, a municipality duly organized and existing under the laws of the State of Florida (the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association with trust powers in the State of Florida having a corporate trust office in Jacksonville, Florida, as bond trustee (the "Bond Trustee"), being authorized to accept and execute trusts of the character herein set out,

W I T N E S S E T H

WHEREAS, the Issuer is an incorporated municipality organized and existing under the laws of the State of Florida, and a "local agency" under and pursuant to Chapter 159, Part II, Florida Statutes, as amended and supplemented (the "Act"); and

WHEREAS, the Issuer has determined to issue three series of Bonds hereunder, designated "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A" (the "Series 2018A Bonds") and "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B" (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Bonds") in the Aggregate Principal Amount of $_____ for the purpose of loaning the proceeds and providing funds to (i) finance or refinance, including through reimbursement, all or part of the costs of certain capital projects at the Community (as defined herein) consisting of (a) the design, acquisition, construction and installation of approximately 128 independent living apartments containing approximately 228,506 square feet, approximately 38 assisted living apartments containing approximately 41,225 square feet, approximately 30 skilled nursing units containing approximately 28,850 square feet, a restaurant building containing approximately 12,000 square feet, which will accommodate three dining establishments, and an addition to the existing wellness facilities containing approximately 10,000 square feet, (b) the renovation of existing assisted living units, (c) the renovation of existing wellness amenity spaces, and (d) the acquisition, construction and installation of related facilities, improvements, fixtures, furnishings and equipment, and other capital expenditures at the Community, (ii) funding debt service reserves for the Bonds, (iii) funding certain capitalized interest on the Bonds and (iv) paying all or a portion of the cost of issuing the Bonds; and

WHEREAS, the Issuer shall further distinguish the Series 2018B Bonds with two subseries, designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-1" (the "Series 2018B-1 Bonds") and "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-2" (the "Series 2018B-2 Bonds"); and

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that in order to increase the commerce, welfare and prosperity of the inhabitants of the Issuer and the citizens of Duval County, Florida and the State of Florida, and to improve their health and living conditions by providing access to adequate medical care and health care facilities, it has become necessary for the Issuer to issue the Bonds pursuant to the Act and this Bond Indenture for the purposes set forth in the preceding paragraph;

WHEREAS, the proceeds of the Bonds shall be loaned to the Naval Continuing Care Retirement Foundation, Inc. (the "Obligor") pursuant to a Loan Agreement dated as of December 1, 2018 (the "Loan Agreement") between the Issuer and the Obligor; and

WHEREAS, to secure the payment of the principal of the Bonds, premium, if any, and the interest thereon and the performance and observance of the covenants and conditions herein contained the Issuer has authorized the execution and delivery of this Bond Indenture; and

WHEREAS, the execution and delivery of this Indenture of Trust (hereinafter sometimes referred to as the "Bond Indenture"), and the issuance of the Bonds hereinafter authorized under this Bond Indenture, pursuant to the provisions of the Act, have been in all respects duly and validly authorized by a resolution duly adopted and approved by the Issuer; and

WHEREAS, the Bonds, the Bond Trustee's authentication certificate and the assignment are to be substantially in the following forms, with such necessary or appropriate variations, omissions, and insertions as permitted or required by this Bond Indenture:

* * * [BEGIN FORM OF BOND FORM] * * *

CITY OF ATLANTIC BEACH, FLORIDA
HEALTH CARE FACILITIES REVENUE BONDS
(FLEET LANDING PROJECT),
SERIES 2018[A] [B-1] [B-2]

No. R-____ $_____

Interest Rate	Maturity Date	Delivery Date	Dated	CUSIP No.
%		December __, 2018	December __, 2018	

REGISTERED OWNER:
PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF ATLANTIC BEACH, a municipality duly organized and existing under the laws of the State of Florida (the "Issuer"), for value received, promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on _____ and _____ of each year, commencing _____, 20__, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of this Bond.

THE STATE OF FLORIDA AND ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF FLORIDA, INCLUDING DUVAL COUNTY, FLORIDA ("DUVAL COUNTY") SHALL NOT BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THIS BOND OR THE PREMIUM, IF ANY, OR INTEREST HEREON, EXCEPT WITH RESPECT TO THE ISSUER AND SOLELY FROM THE SOURCES IDENTIFIED IN THE BOND INDENTURE AND LOAN AGREEMENT HEREINAFTER IDENTIFIED AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, DUVAL COUNTY, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

This Bond and the series of Bonds of which it is a part have been issued under and pursuant to the Chapter 159, Part II, Florida Statutes, and other applicable provisions of law (the "Act"). This Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment and not from any other revenues, funds or assets of the Issuer. No owner of any Bonds has the right to compel the Issuer to pay the principal of, interest or redemption premium, if any, on the Bonds, except from such sources.

The principal of and premium, if any, on this Bond are payable upon the presentation and surrender hereof at the designated trust office of U.S. Bank National Association, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under an Indenture of Trust dated as of December 1, 2018 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Bond is registered (the "Registered Owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of $1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Loan Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of such Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the owner of this Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, "Securities Depository"). The book entry system will evidence beneficial ownership of the Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provisions of notices or other communications, to beneficial owners of the Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Bond is one of a duly authorized series of bonds of the Issuer dated December 1, 2018, known as "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018[A][B]" (the "Bonds" or the "Series [A][B] Bonds") and issued in an Aggregate Principal Amount (as defined in the hereinafter defined Loan Agreement) of $_____ for the purpose of providing funds to be loaned to the Naval Continuing Care Retirement Foundation, Inc., a Florida nonprofit corporation (the "Obligor"), to be used to finance and refinance the cost of a continuing care retirement community located in the City of Atlantic Beach, Florida (the "Project"), to fund a debt service reserve fund and to pay a portion of the cost of issuance. [This Series 2018B Bond has been further distinguished as two subseries, of which this Bond is one.]

To provide for its loan repayment obligations, the Obligor entered into a Loan Agreement dated as of December 1, 2018, between the Issuer and the Obligor (the "Loan Agreement") and issued its Series 2018 [A][B] Note (the "Series 2018 [A][B] Note"). The Series 2018[A][B] Note is issued pursuant to a Master Trust Indenture dated as of April 1, 2013, as supplemented (the "Master Indenture"), between the Obligor, as the Obligated Group Representative, and U.S. Bank National Association, as master trustee (the "Master Trustee"). Pursuant to the Master Indenture, and a Mortgage and Security Agreement dated as of April 1, 2013, as amended and supplemented, from the Obligor to the Master Trustee (the "Mortgage"), the Obligor has pledged and granted a security interest in, among other things, the Gross Revenues (as defined in the Master Indenture) and the Mortgaged Property (as defined in the Mortgage) to the Master Trustee to secure the Series 2018[A][B] Note. The Issuer, on behalf of the Obligor, has also issued on the date hereof its City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018[A][B] under the Bond Indenture, which are issued on parity with the Series 2018[A][B] Bonds and will also be secured by the Obligation (as defined in the Master Indenture) issued under the Master Indenture. Additional obligations on a parity with the Series [A][B] Note may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues, the Mortgaged Property and certain other property.

This Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Loan Agreement. The Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant, or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any director, incorporator, officer, agent, employee, or representative as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the Registered Owner of any Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond.

Neither the elected officials, officers, agents, employees or representatives of the Issuer past, present or future, nor any person executing this Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Bond.

Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties, and obligations of the Issuer, the Bond Trustee and the owners of the Bonds, and the terms and conditions upon which the Bonds are, and are to be, secured.

[Optional Redemption for Series 2018A Bonds]

The Bonds maturing on and after _____ _, 20__, are subject to optional redemption prior to maturity by the Issuer at the direction of the Obligor in whole or in part on _____ __, 20__ or on any date thereafter, at the redemption price equal to the principal amount of such Bonds to be redeemed, together with accrued interest to the redemption date.

The Bonds maturing on _____ __, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. As and for a sinking fund for the redemption of Bonds maturing on _____ __,, 20__ the Issuer shall cause to be deposited into the Principal Account of the Bond Fund a sum which is sufficient to redeem on _____ __, of each of the following years (after credit as provided below) the following principal amounts of Bonds and maturing on _____ __,, 20__ plus accrued interest to the redemption date:

Year	Amount

*

*maturity

The Bonds maturing on _____ 15, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. As and for a sinking fund for the redemption of Bonds maturing on _____ 15, 20__ the Issuer shall cause to be deposited into the Principal Account of the Bond Fund a sum which is sufficient to redeem on _____ 15 of each of the following years (after credit as provided below) the following principal amounts of Bonds maturing on _____ 15, 20__ plus accrued interest to the redemption date:

Year	Amount

*

*maturity

At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Bonds or portions thereof of the same maturity, in an Aggregate Principal Amount desired by the Obligor, or (ii) specify a principal amount of

Bonds or portions thereof of the same maturity, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation.

The Bonds shall be subject to optional redemption by the Issuer at the direction of the Obligor prior to their scheduled maturities, in whole or in part at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

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

(2) as a result of any changes in the Constitution or laws of the State of Florida or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

[SERIES 2018B: To the extent that moneys are on deposit in the Entrance Fee Redemption Account on the day following any Entrance Fee Transfer Date, the Series 2018B Bonds are subject to mandatory redemption on the next following Entrance Fee Redemption Date at a redemption price equal to the principal amount thereof (in Authorized Denominations) plus accrued interest to such redemption date.

The principal amount of the Series 2018B Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination 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.]

If less than all Bonds are to be optionally redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days prior to the redemption date to the Registered Owner of each Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

The Bonds are issuable as fully registered Bonds in denominations of $5,000 and any integral multiple thereof and are exchangeable for an equal Aggregate Principal Amount of fully

registered Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Bond is fully transferable by the Registered Owner hereof in person or by his or her or its duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Bonds may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding; provided, however, that no such modification or amendment shall be made which will affect the terms of payment of the principal of, premium, if any, or interest on any of the Bonds, which are unconditional. Any such consent by the owner of this Bond shall be conclusive and binding upon such owner and upon all future

owners of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent is made upon this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the City of Atlantic Beach, Florida has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and City Manager, and a facsimile of its corporate seal to be hereto affixed or printed, all as of the date set forth above.

CITY OF ATLANTIC BEACH, FLORIDA

By: _____
Mayor

(OFFICIAL SEAL)

ATTEST:

_____
City Clerk

APPROVED AS TO FORM AND
CORRECTNESS:

_____
City Attorney

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Bond Trustee

By: _____
Authorized Signatory

[END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the books kept for registration and transfer of the within Bond, with full power of substitution in the premises.

Date: _____

_____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By:

_____

_____

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

* * * [END OF BOND FORM] * * *

WHEREAS, all things necessary to make the Bonds, when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, binding, and legal limited and special obligations of the Issuer and to constitute this Bond Indenture a valid, binding, and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof and of the sum of One Dollar to it duly paid by the Bond Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Bond Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Bond Indenture and has granted, bargained, sold, warranted, alienated, remised, released, conveyed, assigned, pledged, set over, and confirmed, and by these presents does grant, bargain, sell, warrant, alien, remise, release, convey, assign, pledge, set over, and confirm unto the Bond Trustee, and to its successors and assigns forever, all and singular the following described property, franchises, and income:

A. All of the Issuer's right, title and interest in and to the Notes delivered by the Obligor to the Issuer pursuant to the Loan Agreement; and

B. All of the Issuer's right, title and interest in and to the Loan Agreement (except for the rights of the Issuer to receive payments, if any, under Sections 5.7, 7.5, and 9.5 of the Loan Agreement), together with all powers, privileges, options and other benefits of the Issuer contained in the Loan Agreement; provided, however, that nothing in this clause shall impair, diminish or otherwise affect the Issuer's obligations under the Loan Agreement or, except as otherwise provided in this Bond Indenture, impose any such obligations on the Bond Trustee; and

C. Amounts on deposit from time to time in the Bond Fund, Cost of Issuance Fund, Reserve Fund and Construction Fund, but excluding the Rebate Fund (all as defined in the Loan Agreement), subject to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

D. Any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with the Bond Trustee as additional security by the Issuer or anyone on its part or with its written consent, or which pursuant to any of the provisions hereof or of the Loan Agreement or any Note may come into the possession of or control of the Bond Trustee or a receiver appointed pursuant to Article VIII hereof, as such additional security (except amounts held in the Rebate Fund); and the Bond Trustee is hereby

authorized to receive any and all such property as and for additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of all owners of the Bonds issued under and secured by this Bond Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Bond Trustee the entire amount due or to become due hereon, or certain securities as herein permitted and shall keep, perform, and observe all the covenants and conditions pursuant to the terms of this Bond Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Bond Indenture and the rights hereby granted shall cease, determine, and be void; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective owners from time to time of the Bonds as follows:

[END OF PREAMBLE]

ARTICLE I
DEFINITIONS

SECTION 1.01. DEFINITIONS. All defined words and phrases used in this Bond Indenture shall have the meaning given and ascribed to such words and phrases in Article I of the Loan Agreement or Article I of the Master Indenture.

SECTION 1.02. RECITAL INCORPORATION. The recitals set forth in the beginning of this Bond Indenture are hereby incorporated herein.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

SECTION 2.01. AUTHORIZED AMOUNT OF BONDS. No Bonds may be issued under this Bond Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder is hereby expressly limited to $_____, except as provided in Section 2.06 hereof.

SECTION 2.02. ALL BONDS EQUALLY AND RATABLY SECURED, BONDS NOT AN OBLIGATION OF ISSUER. All Bonds issued under this Bond Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien, and preference under and by virtue of this Bond Indenture, and shall all be equally and ratably secured hereby. The Bonds shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer.

SECTION 2.03. AUTHORIZATION OF BONDS. (a) Series 2018A Bonds. There is hereby authorized to be issued hereunder and secured hereby a series of bonds designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A." The Bonds shall be numbered consecutively upward from RA-1.

The Series 2018A 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 Bonds. The Series 2018A Bonds shall bear interest on the basis of a 360 day year composed of twelve 30-day months payable each _____ and each _____, commencing _____, 20__, at the rates per annum and shall mature on _____ of each year, at the rates per annum and shall mature on _____ in the years and principal amounts as follows:

Year	Principal Amount	Interest Rate
	$	%
$_____, _____% Series 2018A Term Bonds due _____, 20__		
$_____, _____% Series 2018A Term Bonds due _____, 20__		
$_____, _____% Series 2018A Term Bonds due _____, 20__		

(b) Series 2018B Bonds. There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B." The Series 2018B Bonds are further distinguished with two subseries, designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-1" (the "Series

2018B-1 Bonds") and "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-2" (the "Series 2018B-2 Bonds").

Series 2018B-1 Bonds. The Series 2018B-1 Bonds shall be numbered consecutively upward from RB-1-1.

The Series 2018B-1 Bonds shall bear interest from the most recent interest payment date for which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2018 Bond. The Series 2018B-1 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each _____ and each _____, beginning _____, 20__, at the rate per annum and shall mature on _____ in the year and principal amount as follows:

Year	Principal Amount	Interest Rate
	$	%

Series 2018B-2 Bonds. The Series 2018B-2 Bonds shall be numbered consecutively upward from RB-2-1.

The Series 2018B-2 Bonds shall bear interest from the most recent interest payment date for which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2018 Bond. The Series 2018B-2 Bonds shall bear interest on the basis of a 360 day year composed of twelve 30 day months payable each _____ and each _____, beginning _____, 20__, at the rate per annum and shall mature on _____ in the year and principal amount as follows:

Year	Principal Amount	Interest Rate
	$	%

(c) Provisions Applicable to all Bonds. The Bonds shall be issued in Authorized Denominations and shall be dated the Delivery Date.

The Bonds are subject to prior redemption as herein set forth and shall be substantially in the form and tenor hereinabove recited with appropriate variations, omissions, and insertions as are permitted or required by this Bond Indenture.

The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the Payment Office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and surrender of the Bonds. Payment of interest on any Bond shall be made to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such Interest Payment Date by check mailed by the Bond Trustee on such Interest Payment Date to such Registered Owner at his or her address as it appears on the registration records kept by the Bond Trustee or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of $1,000,000 or more in aggregate principal amount of Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal, premium, if any, and interest on the Bonds. Any such interest not so timely paid or

duly provided for shall cease to be payable to the person who is the Registered Owner of such Bond at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds not less than ten days prior thereto by first class postage prepaid mail to each such Registered Owner as shown on the registration records, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed upon between the owners of any Bonds and the Bond Trustee. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on any Bonds that are subject to the book entry system as provided in Article II of this Bond Indenture shall be made in accordance with the rules, regulations and procedures established by the securities depository in connection with the book entry system.

SECTION 2.04. EXECUTION OF BONDS, SIGNATURES. The Bonds shall be executed on behalf of the Issuer by its Mayor and its seal shall be thereunto affixed and attested by the Secretary. The signatures of such officers and the seal of the Issuer may be in facsimile. In case any officer who shall have signed any of the Bonds shall cease to hold such office and any of such Bonds shall have been authenticated by the Bond Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Bond Trustee, and delivered, and may be sold by the Issuer, as though the person or persons who signed such Bonds had remained in office.

SECTION 2.05. REGISTRATION AND EXCHANGE OF BONDS; PERSONS TREATED AS OWNERS. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Bond Indenture to be kept by the Bond Trustee which is hereby appointed the bond registrar of the Issuer for the Bonds. Upon surrender for transfer of any fully registered Bond at the Payment Office of the Bond Trustee, duly endorsed for transfer or accomplished by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of a like Aggregate Principal Amount for a like principal amount and maturity.

The Issuer shall execute and the Bond Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Issuer of any fully registered Bond of any denomination shall constitute full and due authorization of such denomination and the Bond Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Bond Trustee shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business fifteen days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of

business on the day of such mailing except for Bondholders of $1,000,000 or more in aggregate principal amount of the Bonds.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Trustee shall require the payment by any Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

SECTION 2.06. LOST, STOLEN, DESTROYED, AND MUTILATED BONDS. Upon receipt by the Bond Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction, or mutilation of any Bond and, in the case of a lost, stolen, or destroyed Bond, of indemnity satisfactory to it, and upon surrender and cancellation of the Bond if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond in lieu of such lost, stolen, destroyed, or mutilated Bond, or (ii) if such lost, stolen, destroyed, or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Issuer may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Bond Trustee in connection with the issue of such new Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds, negotiable instruments, or other securities. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such duplicate Bond was issued presents for payment such original Bond, the Obligor or the Bond Trustee shall be entitled to recover upon such new Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Obligor or the Bond Trustee in connection therewith.

SECTION 2.07. DELIVERY OF BONDS. Upon the execution and delivery of this Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Bonds and deliver them to the initial purchasers thereof as directed by the Issuer and as hereinafter in this Section provided.

Prior to the delivery by the Bond Trustee of any of the Bonds there shall be filed with and delivered to the Bond Trustee at least:

(a) A certified copy of the resolution of the Issuer authorizing the execution and delivery of the Loan Agreement, this Bond Indenture and the issuance of the Bonds.

(b) Original executed counterparts of the Loan Agreement, this Bond Indenture, the Collateral Assignment, the Mortgage Supplement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, the Supplemental Indenture and the Master Indenture.

(c) The Notes, duly executed and authenticated and duly assigned and payable to the Bond Trustee.

(d) A request and authorization to the Bond Trustee on behalf of the Issuer and signed by its Mayor to authenticate and deliver the Bonds to the purchasers therein identified upon payment to the Bond Trustee but for the account of the Issuer of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery, together with instructions (which may be in the form of a separate certificate) as to the disposition of the proceeds of the Bonds.

(e) An Opinion of Bond Counsel addressed to the Bond Trustee (or a reliance letter therefor) to the effect that the Bonds have been duly and validly authorized, issued and delivered and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, that the interest payable on the Bonds is excludable from gross income for federal income tax purposes and that each of the instruments to which the Issuer is a party has been duly and validly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to customary qualifications on enforceability.

SECTION 2.08. BOND TRUSTEE'S AUTHENTICATION CERTIFICATE. The Bond Trustee's authentication certificate upon the Bonds shall be substantially in the form and tenor hereinbefore provided. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Bond Trustee and such certificate of the Bond Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Bond Trustee's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized signatory of the Bond Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

SECTION 2.09. NO ISSUANCE OF ADDITIONAL BONDS. The Issuer agrees that it will not issue any additional bonds under this Bond Indenture. Only the Bonds shall be Outstanding under this Bond Indenture and entitled to the security of the Trust Estate.

SECTION 2.10. CANCELLATION AND DESTRUCTION OF BONDS BY THE BOND TRUSTEE. Whenever any Outstanding Bonds shall be delivered to the Bond Trustee for the cancellation thereof pursuant to this Bond Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled and treated in accordance with the Bond Trustee's standard retention policies. In the event of destruction of the Bonds by the Bond Trustee, a certificate of destruction evidencing such destruction shall be furnished by the Bond Trustee to the Issuer and the Obligor upon written request.

SECTION 2.11. BOOK ENTRY ONLY SYSTEM. The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity of the Bonds registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 2.12 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Bond Trustee shall have no responsibility or obligation to any participant in DTC (a "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Bond Indenture. Without limiting the immediately preceding sentence, the Issuer and the Bond Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the registration books, of any notice with respect to the Bonds, including any notice of redemption, (c) any consent given or other action taken by DTC or Cede & Co. as the Registered Owner, or (d) the payment to any DTC Participant or any other person, other than a Bondholder as shown in the registration books, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. Notwithstanding any other provision of this Bond Indenture to the contrary, the Issuer and the Bond Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the registration books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the registration books as provided in this Bond Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the registration books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, pursuant to this Bond Indenture. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Bond Indenture with respect to payment of interest to the Registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Bond Indenture shall refer to such new nominee of DTC.

SECTION 2.12. SUCCESSOR SECURITIES DEPOSITORY; TRANSFERS OUTSIDE BOOK ENTRY ONLY SYSTEM. (a) In the event that the Obligor determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC (the "DTC Letter") and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer, at the direction of the Obligor, shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants, identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository, or (ii) notify DTC and DTC Participants, identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants, identified by DTC, having Bonds

credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the registration books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Bond Indenture.

(b) Upon the written consent of 100% of the beneficial owners of the Bonds, the Bond Trustee, in accordance with the DTC Letter, shall withdraw the Bonds from DTC, and authenticate and deliver Bonds fully registered to the assignees of DTC or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the Persons requesting such withdrawal, authentication and delivery.

SECTION 2.13. PAYMENTS TO CEDE & CO. Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on, such Bond and all notices, transfers and deliveries with respect to such Bond shall be made and given, respectively, in the manner provided in the DTC Letter.

ARTICLE III
REVENUES AND FUNDS

SECTION 3.01. APPLICATION OF PROCEEDS OF BONDS. The Issuer will sell and cause to be delivered to the initial purchasers thereto the Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(a) Deposit into each of the Accounts of the Reserve Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) hereof.

(b) Deposit into the Cost of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) hereof.

(c) Deposit into the Funded Interest Account of the Construction Fund, the amount specified the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) hereof.

(d) Deposit into the Project Account of the Construction Fund, the balance of the proceeds of the Bonds.

SECTION 3.02. CREATION OF THE BOND FUND. There is hereby created by the Issuer and ordered established with the Bond Trustee a trust fund to be designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project) Bond Fund" (the "Bond Fund"). There are hereby created by the Issuer and ordered established with the Bond Trustee three separate accounts within the Bond Fund to be designated as the Principal Account, the Interest Account and the Entrance Fee Redemption Account, respectively. Moneys on deposit in the Principal Account shall be used to pay the principal of and premium, if any, on the Bonds, when due and payable. Moneys on deposit in the Interest Account shall be used to pay the interest on the Bonds.

SECTION 3.03. PAYMENTS INTO THE BOND FUND. There shall be deposited into the Interest Account all accrued interest received from the sale of the Bonds to the initial purchasers thereof. In addition, there shall also be deposited into the Principal Account or the Interest Account, as and when received, (i) all payments on the Notes, (ii) all moneys transferred to the Bond Fund from the Reserve Fund pursuant to Section 3.10 hereof, (iii) all other moneys required to be deposited therein pursuant to the Loan Agreement, and (iv) all other moneys received by the Bond Trustee when accompanied by written directions that such moneys are to be paid into the Principal Account or the Interest Account. There also shall be retained or deposited in the Principal Account or the Interest Account all interest and other income received on investments or moneys required to be transferred thereto, in accordance with Section 6.02 hereof. The Issuer hereby covenants and agrees that so long as any of the Bonds are Outstanding it will deposit, or cause to be deposited, into the Principal Account or the Interest Account for its account sufficient sums from revenues and receipts derived from the Loan Agreement promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable.

There shall be deposited into the Entrance Fee Redemption Account all moneys received by the Bond Trustee from the Master Trustee on each Entrance Fee Transfer Date pursuant to Section 3.07 of the Supplemental Indenture for deposit therein.

SECTION 3.04. USE OF MONEYS IN THE PRINCIPAL ACCOUNT AND THE INTEREST ACCOUNT. The amounts deposited into the Interest Account pursuant to Section 3.01 hereof shall be used to pay accrued interest on the appropriate series of Bonds on the first Interest Payment Date. Except as provided in Sections 3.15 and 8.05 hereof, moneys in the Principal Account or the Interest Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on a pro rata basis.

SECTION 3.05. CUSTODY OF THE BOND FUND. The Bond Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to withdraw sufficient funds from the Principal Account or the Interest Account of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same come due and payable, which authorization and direction the Bond Trustee hereby accepts.

SECTION 3.06. CONSTRUCTION FUND. (a) There is hereby created and established with the Bond Trustee a trust fund designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project) Construction Fund" (the "Construction Fund"). There are hereby created by the Issuer and ordered established with the Bond Trustee two separate accounts within the Construction Fund to be designated as the Funded Interest Account and the Project Account. Moneys shall be deposited in the Construction Fund or the accounts therein for that portion of the Proceeds of the Bonds used to finance costs of the Project in accordance with Section 3.01. Moneys in the Construction Fund shall be used to pay Costs of a Project or as hereinafter provided. Moneys in the Funded Interest Account of the Construction Fund shall be used to pay interest accruing on a portion of the Bonds through _____, 2020, provided, however, to the extent monies remain in the Funded Interest Account after such date such monies shall be transferred to the Principal Account of the Bond Fund and used only for payment of principal on the Bonds or for such other purposes as permitted in an Opinion of Bond Counsel. Under no circumstances shall moneys in the Construction Fund be used to pay Cost of Issuance.

(b) In the event there are insufficient moneys in the Interest Account of the Bond Fund to pay interest on the Bonds when due, the Bond Trustee shall transfer moneys in the Funded Interest Account of the Construction Fund to the Interest Account of the Bond Fund to pay such interest when due. Moneys in the Funded Interest Account of the Construction Fund shall be used to pay investment management fees as set forth in a written request of the Obligor to the Bond Trustee. Upon the maturity or sale of a Premium Security, the Bond Trustee shall transfer the appropriate amount of premium as set forth in Section 6.01 hereof to the account in which such Premium Security was held. The Bond Trustee shall disburse moneys in the Project Account of the Construction Fund as provided herein and in Article IV of the Agreement. All Surplus Construction Fund Money remaining in the Construction Fund after the Completion Certificate is filed with the Bond Trustee and payment of all other costs then due and payable shall be transferred to the Bond Fund and shall be used to pay debt service on the Bonds or such other purpose as permitted in an Opinion of Bond Counsel.

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(b) Payments from the Construction Fund shall be made in accordance with this Article III and Article IV of the Loan Agreement. Upon receipt of the required certificates, the Bond Trustee shall pay the amount requested to the extent that the Obligor is entitled to payment pursuant to the Loan Agreement.

(c) If an Event of Default occurs under this Bond Indenture, and the Bond Trustee declares the principal of all Bonds and the interest accrued thereon to be due and payable, no moneys may be paid out of the Construction Fund by the Bond Trustee during the continuance of such an Event of Default; provided, however, that if such an Event of Default shall be waived and such declaration shall be rescinded by the Bond Trustee or the holders and owners of the Bonds pursuant to the terms of this Bond Indenture, the full amount of any such remaining moneys in the Construction Fund may again be disbursed by the Bond Trustee in accordance with the provisions of the Loan Agreement and this Bond Indenture.

(d) The Bond Trustee shall not be accountable for the use or application of the proceeds from the Construction Fund disbursed in accordance with the provisions of the Loan Agreement and this Bond Indenture.

SECTION 3.07. COMPLETION CERTIFICATE. At such time as the Obligor determines that construction of the Project has been completed in substantial compliance with the final plans and specifications for the Project or has determined to terminate any further construction of the Project, it shall deliver the Completion Certificate to the Bond Trustee in accordance with and to the extent required by the Loan Agreement.

SECTION 3.08. CREATION OF THE RESERVE FUND. (a) There is hereby created and established with the Bond Trustee a trust fund designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project) Debt Service Reserve Fund" (the "Reserve Fund"). Within the Reserve Fund there are hereby created and established two separate Accounts, (i) the Series 2018A Reserve Account, and (ii) the Series 2018B Reserve Account.

(b) Moneys on deposit in the 2018A Reserve Account in the Reserve Fund shall be used to provide a reserve for the payment of the principal of and interest on the Series 2018A Bonds and no other series of Bonds shall be secured therewith.

(c) Moneys on deposit in the 2018B Reserve Account in the Reserve Fund shall be used to provide a reserve for the payment of the principal of and interest on the Series 2018B Bonds and no other series of Bonds shall be secured therewith.

SECTION 3.09. PAYMENTS INTO THE RESERVE FUND. In addition to the deposits required by Section 3.01 hereof, there shall be deposited into the appropriate account in the Reserve Fund any Reserve Fund Obligations delivered by the Obligor to the Bond Trustee pursuant to Section 5.6 of the Loan Agreement. In addition, there shall be deposited into the appropriate Account in the Reserve Fund all moneys required to be transferred thereto pursuant to Section 6.02 hereof, and all other moneys received by the Bond Trustee when accompanied by written directions that such moneys are to be paid into the appropriate Account in the Reserve

Fund. There shall also be retained in the Reserve Fund all interest and other income received on investments of Reserve Fund moneys in the Reserve Fund to the extent provided in Section 6.02 hereof.

SECTION 3.10. USE OF MONEYS IN THE RESERVE FUND. (a) Except as provided in this Section 3.10 and in Section 3.15 hereof, moneys in each Account in the Reserve Fund shall be used solely for the payment of the principal of and interest on the related series of Bonds in the event moneys in the Bond Fund and the Funded Interest Account are insufficient to make such payments when due, whether on an interest payment date, redemption date, maturity date, acceleration date or otherwise, provided that moneys on deposit in each Account in the Reserve Fund shall be used only to make such payments with respect to the related series of Bonds.

(b) Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice hereunder and the election by the Bond Trustee of the remedy specified in Section 8.02(a) hereof, any Reserve Fund Obligations in the Reserve Fund shall, subject to the provisions of Section 3.16 hereof, be transferred by the Bond Trustee to the Principal Account and applied in accordance with Section 8.05 hereof. In the event of the redemption of a portion of the Bonds, any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Reserve Fund Requirement on the Bonds to be Outstanding immediately after such redemption may, subject to the provisions of Section 3.16 hereof, be transferred to the Principal Account and applied to the payment of the principal of the Bonds to be redeemed. On June 1 and December 1 in each year, any earnings on the Reserve Fund Obligations on deposit in the Reserve Fund that are in excess of the Reserve Fund Requirement shall be transferred into the Interest Account of the Bond Fund.

(c) On the final maturity date of the Bonds, any Reserve Fund Obligations in the related Accounts in the Reserve Fund in excess of the Reserve Fund Requirement for each Account after giving effect to such maturity may, upon the direction of the Obligor, be used to pay the principal of and interest on such series of the Bonds on such final maturity date.

(d) If at any time moneys in an Account in the Reserve Fund are sufficient to pay the principal or redemption price of all Bonds of the related series, the Bond Trustee may use the moneys on deposit in the Reserve Fund to pay such principal or redemption price of the related series of Bonds.

(e) In accordance with Section 651.035, Florida Statutes, not less than ten (10) days prior to any withdrawal of monies from an Account in the Reserve Fund, notice of the withdrawal from such Account in the Reserve Fund shall be given by the Bond Trustee or the Obligor by telephone (850/413-3140) (promptly confirmed in writing) or facsimile (850/488-0313) to the Florida Office of Insurance Regulation, Specialty Product Administration, The Larson Building 200 East Gaines Street, Tallahassee, Florida 32399-0327 (the "Office of Insurance"), provided that such notice by telephone, by facsimile or in writing may be given to the Office of Insurance at other telephone numbers or other addresses if required by the Office of Insurance to be used in lieu of the foregoing. The Bond Trustee shall provide the Office of Insurance with any information concerning the Reserve Fund upon request of the Office of Insurance or the Borrower.

SECTION 3.11. CUSTODY OF THE RESERVE FUND. The Reserve Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to transfer sufficient moneys from the Reserve Fund to the Bond Trustee for deposit to the Bond Fund to pay the principal of and interest on the Bonds for the purposes herein described, which authorization and direction the Bond Trustee hereby accepts. In the event there shall be a deficiency in the Principal Account or the Interest Account on any payment date for the Bonds, the Bond Trustee shall promptly make up such deficiency from the Reserve Fund.

SECTION 3.12. NONPRESENTMENT OF BONDS. In the event that any Bonds shall not be presented for payment when the principal thereof or interest thereon becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof shall have been deposited into the Bond Fund or otherwise made available to the Bond Trustee for deposit therein as provided in Section 3.03 hereof, all liability of the Issuer to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his or their part under this Bond Indenture or on, or with respect to, said Bond, and all such funds shall remain uninvested. If any Bond shall not be presented for payment within the period of two years following the date of final maturity of such Bond, the Bond Trustee shall, to the extent required by law, transfer such funds to the state treasury of the state in which the principal office of the Bond Trustee is located, in which case the owner of such Bonds shall look only to such state for payment, or, in the alternative, to the extent permitted by law, the Bond Trustee shall, upon request in writing by the Obligor, return such funds to the Obligor free of any trust or lien and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Obligor. In either event, the Bond Trustee shall have no further responsibility with respect to such moneys or payment of such Bonds. Thereafter, the Bondholders shall be entitled to look only to the Obligor for payment, and then only to the extent of the amount so repaid by the Bond Trustee. The Obligor shall not be liable for any interest on any sums paid to it.

SECTION 3.13. BOND TRUSTEE'S AND PAYING AGENTS' FEES, CHARGES, AND EXPENSES. Pursuant to the provisions of the Loan Agreement, the Obligor has agreed to pay to the Bond Trustee and to each Paying Agent, commencing with the effective date of the Loan Agreement and continuing until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Bond Indenture, the reasonable and necessary fees and expenses (including reasonable attorney's fees) of the Bond Trustee and each Paying Agent, as and when the same become due, upon the submission by the Bond Trustee and each Paying Agent of a statement therefor.

SECTION 3.14. MONEYS TO BE HELD IN TRUST. All moneys required to be deposited with or paid to the Bond Trustee under any provision of this Bond Indenture (except moneys in the Rebate Fund) shall be held by the Bond Trustee in trust for the purposes specified in this Bond Indenture, and except for moneys deposited with or paid to the Bond Trustee for the

redemption of Bonds for which the notice of redemption has been duly given, shall, while held by the Bond Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 3.15. REPAYMENT TO THE OBLIGOR FROM THE FUNDS. Any amounts remaining in the Cost of Issuance Fund, Bond Fund, Reserve Fund or Construction Fund after payment in full of the Bonds (or after making provision for such payment), the fees and expenses of the Bond Trustee and the Paying Agents (including attorney's fees, if any), the Administration Expenses, and all other amounts required to be paid hereunder and under the Loan Agreement shall be paid to the Obligor upon the termination of the Loan Agreement.

SECTION 3.16. REBATE FUND.

(a) A special Rebate Fund is hereby established by the Issuer. The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation the Bondholders. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Bond Indenture. Notwithstanding the foregoing, the Bond Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(b) Within 60 days after the close of each fifth "Bond Year," the Obligor shall provide the Bond Trustee a computation in the form of a certificate of an officer of the Obligor of the amount of "Excess Earnings," if any, for the period beginning on the date of delivery of the Bonds and ending at the close of such "Bond Year" and the Obligor shall pay to the Bond Trustee for deposit into the Rebate Fund an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. The term "Bond Year" means with respect to the Bonds each one-year period ending on the anniversary of the date of delivery of the Bonds or such other period as may be elected by the Issuer in accordance with the Code and notice of which election has been given to the Bond Trustee. If, at the close of any Bond Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States of America under paragraph (d) below if the Bonds had been paid in full, such excess may, at the request of the Obligor, be transferred from the Rebate Fund and paid to the Obligor.

(c) In general, "Excess Earnings" for any period of time means the sum of

(i) the excess of --

(A) the aggregate amount earned during such period of time on all "Nonpurpose Investments" (including gains on the disposition of such Obligations) in which "Gross Proceeds" of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)), over

(B) the amount that would have been earned during such period of time if the "Yield" on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period of time attributable to the excess described in subparagraph (c)(i) above.

The term Nonpurpose Investments, Gross Proceeds, Issue Date and Yield shall have the meanings given to such terms in Section 148 of the Code.

(d) The Bond Trustee shall, as directed in writing by the Obligor, pay to the United States of America at least once every five years, to the extent that funds are available in the Rebate Fund or otherwise provided by the Obligor, an amount that ensures that at least 90 percent of the Excess Earnings from the date of delivery of the Bonds to the close of the period for which the payment is being made will have been paid. The Bond Trustee shall pay to the United States of America not later than 60 days after the Bonds have been paid in full as directed by the Obligor in writing, to the extent that funds are available in the Rebate Fund or otherwise provided by the Obligor, 100 percent of the amount then required to be paid under Section 148(f) of the Code as a result of Excess Earnings.

(e) The amounts to be computed, paid, deposited or disbursed under this section shall be determined by the Obligor acting on behalf of the Issuer within thirty days after each Bond Year. By such date, the Obligor shall also notify, in writing, the Bond Trustee and the Issuer of the determinations the Obligor has made and the payment to be made pursuant to the provisions of this section. Upon written request of any Registered Owner of Bonds, the Obligor shall furnish to such Registered Owner of Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this section and other applicable provisions of Section 148 of the Code.

(f) The Bond Trustee shall maintain a record of the periodic determinations by the Obligor of the Excess Earnings for a period beginning on the first anniversary date of the issuance of the Bonds and ending on the date six years after the final retirement of the Bonds. Such records shall state each such anniversary date and summarize the manner in which the Excess Earnings, if any, was determined.

(g) If the Bond Trustee shall declare the principal of the Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in this Bond Indenture, or if the Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any of the funds shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Excess Earnings computed by the Obligor as of the date of such acceleration or redemption, and the balance of such amount shall be used immediately by the Bond Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Bonds when due. In furtherance of such intention, the Issuer hereby authorizes and directs its Mayor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(h) The requirements contained in this Section relating to the computation and payment of Excess Earnings shall not be applicable if all Gross Proceeds of the Bonds are expended in compliance with Section 1.148-7 of the Code.

(i) Notwithstanding any of the provisions of this Section, the Bond Trustee shall have no duty or responsibility with respect to the Rebate Fund except to follow the specific written instructions of the Obligor.

SECTION 3.17. COST OF ISSUANCE FUND. There is hereby created and established with the Bond Trustee a trust fund designated as the "City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project) Cost of Issuance Fund" (the "Cost of Issuance Fund"). The Bond Trustee shall disburse moneys in the Cost of Issuance Fund as provided in Article IV of the Loan Agreement. Moneys in the Cost of Issuance Fund may be used only for payment of the Cost of Issuance. On the earlier of (a) the day the Bond Trustee receives a certificate of the Obligor to the effect that all Cost of Issuance relating to the Bonds has been paid, and (b) the 180th day following the Delivery Date, any moneys remaining in the Cost of Issuance Fund shall be transferred to the Project Account of the Construction Fund, and thereafter no such moneys shall be used to pay Costs of Issuance. The Cost of Issuance Fund shall then be closed.

ARTICLE IV
COVENANTS OF THE ISSUER

SECTION 4.01. PERFORMANCE OF COVENANTS; AUTHORITY. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Bond Indenture, in any and every Bond and in all proceedings of the Issuer pertaining hereto; provided, however, that except for the covenant of the Issuer set forth in Section 4.02 hereof relating to payment of the Bonds, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Obligor or by the Bond Trustee, or shall have received the instrument to be executed and at the option of the Issuer shall have received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the laws of the State of Florida, including particularly and without limitation the Act, to issue the Bonds and to execute this Bond Indenture, and to pledge the revenues and receipts hereby pledged, and to assign its rights under and pursuant to the Loan Agreement and the Notes in the manner and to the extent herein set forth, that all action on its part and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import hereof, except as enforcement thereof and hereof may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors and by the application of general principles of equity, if such remedies are pursued.

SECTION 4.02. PAYMENTS OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from revenues and other amounts derived from the Notes, and from the other security pledged hereby, which revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Bond Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby.

SECTION 4.03. SUPPLEMENTAL INDENTURES; RECORDATION OF BOND INDENTURE AND SUPPLEMENTAL INDENTURES. The Issuer will execute and deliver all indentures supplemental hereto, and will cause this Bond Indenture, the Loan Agreement, and all supplements hereto and thereto, as well as all security instruments and financing statements relating thereto, to be filed in each office required by law in order to publish notice of the liens created by this Bond Indenture and the Loan Agreement. The Bond Trustee, at the Obligor's expense will cause all continuation statements and all supplements to any financing statement or continuation statement and other instruments as may be required, at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Bondholders and all rights of the Bond Trustee hereunder. Notwithstanding the preceding sentence, the Bond Trustee shall not be liable for failure to effect any such filings.

SECTION 4.04. LIEN OF BOND INDENTURE. The Issuer hereby agrees not to create any lien having priority or preference over the lien of this Bond Indenture upon the Trust Estate or any part thereof, other than the security interest granted by it to the Bond Trustee, except as otherwise specifically provided in Article VIII hereof. The Issuer agrees that no obligations the payment of which is secured by payments or other moneys or amounts derived from the Loan Agreement and the other sources provided herein will be issued by it except in accordance with Sections 2.09 and 2.10 of this Bond Indenture.

SECTION 4.05. RIGHTS UNDER THE LOAN AGREEMENT. The Issuer will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Loan Agreement. The Issuer agrees that wherever in the Loan Agreement it is stated that the Issuer will notify the Bond Trustee, give the Bond Trustee some right or privilege, or in any way attempts to confer upon the Bond Trustee the ability for the Bond Trustee to protect the security for payment of the Bonds, that such part of the Loan Agreement shall be as though it were set out in this Bond Indenture in full.

The Issuer agrees that the Bond Trustee as assignee of the Loan Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer (except those rights of the Issuer to indemnification and payment under Sections 5.7, 7.5 and 9.5 thereof) and all obligations of the Obligor under and pursuant to the Loan Agreement for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

SECTION 4.06. TAX COVENANTS. (a) The Issuer covenants and agrees that until the final maturity of the Bonds, based upon the Obligor's covenants in Section 4.9 of the Loan Agreement, it will not knowingly take any action, use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be arbitrage bonds, within the meaning of Section 148 of the Code. In the event the Obligor notifies the Issuer that it is necessary to restrict or limit the yield on the investment of moneys held by the Bond Trustee pursuant to this Bond Indenture, or to use such moneys in any certain manner to avoid the Bonds being considered arbitrage bonds, the Issuer at the written direction and expense of the Obligor shall deliver to the Bond Trustee appropriate written instructions of the Issuer, in which event the Bond Trustee shall take such action as instructed to restrict or limit the yield on such investment or to use such moneys in accordance with such instructions.

(b) The Issuer shall not knowingly use any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not knowingly take any other action or actions, that would result in any of the Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(c) The Issuer will not knowingly use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to Persons who are not "Exempt Persons." For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a loan to a Person who is not an "Exempt Person."

(d) The Issuer will not knowingly take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(e) For purposes of this Section, the Issuer's compliance shall be based solely on acts or omissions by the Issuer, and no acts, omissions or directions of the Obligor, the Bond Trustee or any other Persons shall be attributable to the Issuer.

SECTION 4.07. CHANGE IN LAW. To the extent that published rulings of the Internal Revenue Service, or amendments to the Code modify the covenants of the Issuer that are set forth in this Bond Indenture or that are necessary for interest on the Bonds to be excludable from gross income for federal income tax purposes, the Issuer, upon receiving the written Opinion of Bond Counsel to such effect, will comply, at the expense of the Obligor, with such modifications and direct the Bond Trustee to take such action as may be required to comply with such modifications.

SECTION 4.08. PROGRAM INVESTMENT. The proceeds of the Bonds are to be used to finance the Project. With respect to the Bonds, the Issuer asserts:

(a) At least 95 percent of all obligations acquired with the proceeds of the Bonds, by amount of cost outstanding, will be evidences of loans to a substantial number of persons representing the general public, loans to exempt persons, or loans to provide housing and related facilities, or any combination of the foregoing.

(b) At least 95 percent of all amounts received by the Issuer with respect to the Bonds will be used for one or more of the following purposes: to make loans to exempt organizations, to pay the principal or interest or otherwise to service the debt on the Bonds; to reimburse the Issuer or to pay for administrative costs of issuing such obligations; or to redeem or retire such Bonds of the Issuer at the next earliest possible date of redemption.

(c) Any person or any related party, as defined in Section 1.150-1 of the Code, as amended, from whom the Issuer may acquire obligations, shall not, pursuant to an arrangement, formal or informal, purchase the Issuer's bonds in an amount related to the amount of the obligations to be acquired from such person by the Issuer.

(d) The Issuer does not waive the right to treat the Loan Agreement as a program investment.

ARTICLE V
REDEMPTION OF BONDS

SECTION 5.01. OPTIONAL REDEMPTION OF BONDS.

(a) **Optional Redemption of Series 2018A Bonds**. The Series 2018A Bonds are subject to optional redemption prior to maturity by the Issuer, at the written direction of the Obligor, on or after _____, 2024, at any time as a whole or in part by lot (subject to the requirements of Section 5.03 hereof with respect to partial redemptions), at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the redemption date:

Redemption Period (Dates Inclusive)	Redemption Price

(b) **Series 2018B Bonds**. The Series 2018B Bonds are callable for redemption prior to maturity by the Issuer upon the written direction of the Obligor, on or after _____, 20__, at any time as a whole or in part by lot (subject to the requirements of Section 5.03 hereof with respect to partial redemptions). The redemption price for any such redemption shall be equal to the principal amount of the Series 2018B Bonds to be redeemed on the redemption date, plus accrued interest to the redemption date, without premium.

(c) Bonds other than the Series 2018A Bonds and the Series 2018B Bonds shall be subject to optional redemption prior to maturity as provided in the Supplemental Indenture authorizing such bonds.

SECTION 5.02. SINKING FUND REDEMPTION. The Series 2018A Bonds in this Section are subject to mandatory bond sinking fund redemption are referred to herein as the "Series 2018A Term Bonds."

The Series 2018A Bonds maturing on _____, 20__ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Series 2018A Bonds Maturing on _____, 20__

Redemption Date (_____ of the year)	Principal Amount

_____

*Maturity.

The Series 2018A Bonds maturing on _____, 20__ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Series 2018A Bonds Maturing on _____, 20__

Redemption Date (_____ of the year)	Principal Amount

_____

*Maturity.

The Series 2018A Bonds maturing on _____, 20__ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Series 2018A Bonds Maturing on _____, 20__	
Redemption Date (_____ of the year)	Principal Amount

_____

*Maturity.

The deposits described above shall be reduced (i) by the amount of Series 2018A Bonds acquired and delivered in the open market at a price not exceeding the redemption price in accordance with the provisions of the Bond Indenture in satisfaction of such bond sinking fund requirements and (ii) in connection with a partial redemption of Series 2018A Bonds if the Obligor elects to reduce mandatory bond sinking fund redemptions for the Series 2018A Bonds in the manner provided in the Bond Indenture.

On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Series 2018A Term Bonds Outstanding, a principal amount of such Series 2018A Bonds equal to the Aggregate Principal Amount of such Series 2018A Term Bonds redeemable with the required sinking fund payment, and shall call such Series 2018A Term Bonds or portions thereof ($5,000 or any integral multiple of $5,000 in excess thereof) for redemption from the sinking fund on the next _____, and give notice of such call. At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2018A Bonds or portions of Series 2018A Term Bonds, as the case may be, in an Aggregate Principal Amount desired by the Obligor, or (ii) specify a principal amount of Series 2018A Bonds or portions of Series 2018A Term Bonds, as the case may be, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem Series 2018A Term Bonds on such sinking fund redemption date. Any excess shall be credited against the next sinking fund redemption obligation to redeem Series 2018A Term Bonds. In the event that the Obligor shall avail itself of the provisions of clause (i) of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2018A Term Bonds or portions thereof to be canceled.

SECTION 5.03. METHOD OF SELECTION OF BONDS IN CASE OF PARTIAL REDEMPTION.

(a) In the event that less than all of the Outstanding Bonds or portions thereof are to be redeemed as provided in Sections 5.01, 5.08, 5.09 or 5.10 hereof, the Bonds to be redeemed shall be selected first, from any Outstanding Series 2018B-2 Bonds, next from any Outstanding Series 2018B-1 Bonds and finally from any Outstanding Series 2018A Bonds.

(b) In the event that less than all of the Outstanding Bonds or portions thereof of a particular series are to be redeemed as provided in Sections 5.01, 5.08, 5.09 or 5.10 hereof, the Obligor may select the particular maturities of such series (or subseries) to be redeemed. If less than all Bonds (or any series or subseries) or portions thereof of a single maturity are to be redeemed, they shall be selected by the Securities Depository or by lot in such manner as the Bond Trustee may determine.

(c) If a Series 2018 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2018 Bond may be redeemed, but Bonds shall be redeemed only in the principal amount of an Authorized Denomination and no Series 2018 Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

SECTION 5.04. NOTICE OF REDEMPTION.

(a) Bonds shall be called for redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee at least 45 days (or such shorter time as agreed to by the Bond Trustee) prior to the redemption date of a certificate of the Obligor specifying the principal amount of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Bond Indenture pursuant to which such Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the redemption of Bonds pursuant to the sinking fund provided in Section 5.02 hereof, and such Bonds shall be called for redemption by the Bond Trustee without the necessity of any action by the Obligor or the Issuer. In case of every redemption (except those related to the Sinking Fund), the Bond Trustee shall cause notice of such redemption to be given electronically or by mailing by first class mail, postage prepaid, a copy of the redemption notice to the owners of the Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration books, in each case not more than 60 nor less than 30 days prior to the redemption date. In addition, notice of redemption shall be sent by first class or registered mail, return receipt requested, or by overnight delivery service (1) contemporaneously with such mailing to any owner of $1,000,000 or more in principal amount of Bonds, and (2) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of Bonds to be redeemed so that such notice is received at least two days prior to such mailing date; provided, however, the failure to give such aforementioned notice shall not affect the validity of any proceedings for the redemption of such Bonds if notice is given in accordance with the prior sentence.

All notices of redemption shall state:

(1) the redemption date,

(2) the redemption price,

(3) the identification, including complete designation (including series) and issue date of the Bonds and the CUSIP number (and in the case of partial redemption, certificate number and the respective principal amounts, interest rates and maturity dates) of the Bonds to be redeemed,

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

(5) the name and address of the Bond Trustee and any paying agent for such Bonds, including the place where such Bonds are to be surrendered for payment of the redemption price and the name and phone number of a contact person at such address.

Provided, however, any defect in such notice, shall not affect the validity of any proceedings for the redemption of such Bonds.

(b) Notwithstanding the foregoing or any other provision hereof, notice of optional redemption pursuant to this Section 5.04 may, upon written direction of the Obligor to the Issuer, be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer upon written direction of the Obligor to the Trustee if expressly set forth in such notice.

SECTION 5.05. BONDS DUE AND PAYABLE ON REDEMPTION DATE; INTEREST CEASES TO ACCRUE. On or before the business day prior to the redemption date specified in the notice of redemption, an amount of money sufficient to redeem all Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Bond Trustee. On the redemption date the principal amount of each Series 2018 Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article V, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Issuer shall be under no further liability in respect thereof.

SECTION 5.06 CANCELLATION. All Bonds which have been redeemed shall be cancelled by the Bond Trustee and treated as provided in Section 2.10 hereof.

SECTION 5.07. PARTIAL REDEMPTION OF FULLY REGISTERED BONDS. Upon surrender of any fully registered Bond for redemption in part only, the Issuer

shall execute and the Bond Trustee shall authenticate and deliver to the owner thereof, at the expense of the Obligor, a new Bond or Bonds of the same series and of the same maturity of Authorized Denominations in an Aggregate Principal Amount equal to the unredeemed portion of the Bond surrendered.

SECTION 5.08. EXTRAORDINARY OPTIONAL REDEMPTION. The Bonds shall be subject to optional redemption by the Issuer at the written direction of the Obligor prior to their scheduled maturities, in whole or in part by lot (subject to the requirements of Section 5.03 hereof with respect to partial redemptions) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

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

(2) as a result of any changes in the Constitution or laws of the State of Florida or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

SECTION 5.10. MANDATORY ENTRANCE FEE REDEMPTION.

(a) To the extent that moneys are on deposit in the Entrance Fee Redemption Account on the day following any Entrance Fee Transfer Date, the Series 2018B Bonds are subject to mandatory redemption on the next following Entrance Fee Redemption Date at a redemption price equal to the principal amount thereof (in Authorized Denominations) plus accrued interest to such redemption date.

(b) The principal amount of the Series 2018B Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Bonds of the applicable series for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the day following the immediately preceding Entrance Fee Transfer Date.

(c) As soon as practicable after each Entrance Fee Redemption Date, the Bond Trustee shall give notice to the Master Trustee of the principal amount of the Series 2018B Bonds redeemed on such date, together with the principal amount of the Series 2018B Bonds that remains Outstanding after such redemption. The Series 2018B Bonds shall be selected for redemption in accordance with Section 5.03 hereof.

ARTICLE VI
INVESTMENTS

SECTION 6.01. INVESTMENT OF BOND FUND, CONSTRUCTION FUND AND RESERVE FUND MONEYS. Any moneys held as part of the Bond Fund, Construction Fund or Reserve Fund shall be invested or reinvested by the Bond Trustee at the written request and direction of the Obligor (upon which the Bond Trustee is entitled to rely) in Permitted Investments. All Permitted Investments shall be either subject to redemption at any time at a fixed value at the option of the owner thereof or shall mature or be marketable not later than the business day prior to the date on which the proceeds are expected to be expended. For the purpose of any investment or replacement under this Section, the Permitted Investments shall be deemed to mature at the earliest date on which the Obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. The Bond Trustee may make any and all investments permitted by the provisions of this Section through its trust department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such investments. In order to comply with the directions of the Obligor, the Bond Trustee may sell, at the best price obtainable, or present for redemption, or may otherwise cause liquidation prior to their maturities, any of the obligations in which funds have been invested, and the Bond Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Obligor may instruct the Bond Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investment for investments in another fund or account that may be liquidated at no, or at reduced, loss. The Bond Trustee shall be under no liability for interest on any moneys received hereunder unless specifically agreed to in writing. Notwithstanding anything to the contrary in this Section 6.01, (i) the Obligor shall not direct the Bond Trustee to purchase any Premium Security unless the written instructions of the Obligor to make such purchase set forth the amount of premium on such Premium Security, and (ii) the Obligor shall not direct the Bond Trustee to sell any Premium Security, unless prior to such sale, the Obligor has directed the Bond Trustee as to the amount of realized premium on such Premium Security to be transferred from the Funded Interest Account to the account in which such Premium Security was held.

The Bond Trustee shall conclusively rely upon the Obligor's written instructions as to both the suitability and legality of all directed investments. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Bond Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. In the absence of written investment instructions from the Obligor, the Bond Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. Although the Issuer and the Obligor each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Obligor hereby agree that broker confirmations of investments are not required to be issued by the Bond Trustee for each month in which a monthly statement is rendered or made available by the Bond Trustee.

SECTION 6.02. ALLOCATION AND TRANSFERS OF INVESTMENT INCOME. Any investments in any Fund shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. The Bond Trustee shall

not be liable for any loss or penalty resulting from any such investment made in accordance with any permitted direction by an Obligor or for the Bonds becoming "arbitrage bonds" by reason of any such investment. Any interest or other gain from any fund from any investment or reinvestment pursuant to Section 6.01 hereof shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Funded Interest Account of the Construction Fund or the Project Account of the Construction Fund shall be credited to the Funded Interest Account of the Construction Fund until such Funded Interest Account of the Construction Fund expires, and thereafter, to the Interest Account of the Bond Fund.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Principal Account and the Interest Account of the Bond Fund shall be credited at least semiannually to the Interest Account unless a deficiency exists in the Reserve Fund, in which case such interest or other gain shall be paid into the Reserve Fund forthwith.

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Reserve Fund shall be credited to the Reserve Fund if a deficiency exists therein at that time. If a deficiency does not exist in the Reserve Fund at that time, such interest or other gain on other amounts paid into the Reserve Fund shall be paid during the construction period for the Project for deposit into the Project Account of the Construction Fund created in connection with the issuance of Bonds for the Project or at the option of the Obligor to the Funded Interest Account or if after the completion of such construction period, for deposit into the Interest Account of the Bond Fund, in each case at least semiannually.

The Bond Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in any fund is insufficient for the purposes of such fund.

SECTION 6.03. VALUATION OF PERMITTED INVESTMENTS. Accounting and valuation of Permitted Investments in any Fund or Account will be performed as follows:

(a) On a monthly basis the Bond Trustee shall furnish to the Obligor a full and complete statement of all receipts and disbursements of Permitted Investments in any Fund and Account covering such period.

(b) The Bond Trustee shall also furnish on or before _____ _ of each year a statement of the assets contained in each Fund and Account. Assets will be valued at market value as of _____ by the Bond Trustee in such statement in accordance with the normal valuation procedures of the Bond Trustee; provided, however, in the event monies are withdrawn from the Reserve Fund for a deficiency in the Principal Account or Interest Account pursuant to Section 3.10(b) hereof, assets in any Account in the Reserve Fund shall also be valued as of the first Business Day after such transfer is made (such date and each _____ referred to as a "Valuation Date").

(c) If on any Valuation Date, the amount on deposit in any Account the Reserve Fund is less than 90% of the applicable Reserve Fund Requirement as a result of a decline in the market value of investments on deposit in such Account, the Obligor shall deposit with the Bond

Trustee an amount necessary to restore such Account in the Reserve Fund to the applicable Reserve Fund Requirement within 120 days following the date on which the Obligor receives notice of such deficiency.

(d) If at any time, the amount on deposit in any Account in the Reserve Fund is less than the applicable Reserve Fund Requirement as a result of a draw on such Account, the Obligor shall deposit with the Bond Trustee an amount necessary to restore such Account to the Reserve Fund Requirement for such Account in not more than 12 substantially equal monthly installments beginning on the first day of the seventh month after the month in which such draw occurred.

ARTICLE VII
DISCHARGE OF BOND INDENTURE

SECTION 7.01. DISCHARGE OF THE BOND INDENTURE. If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Bond Indenture and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder (including but not limited to the fees and expenses of the Bond Trustee and any Paying Agent, in accordance with Section 3.13 hereof), then the right, title and interest of the Bond Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon the written request of the Issuer or of the Obligor, and upon receipt of an Opinion of Counsel to the effect that all conditions precedent herein provided relating to the satisfaction and discharge of this Bond Indenture have been complied with, the Bond Trustee shall execute such documents as may be reasonably required by the Issuer and shall turn over to the Obligor any surplus in the Bond Fund, Reserve Fund and Construction Fund.

All Outstanding Bonds of any one or more series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section if (i) in case said Bonds are to be redeemed on any date prior to their maturity, the Obligor shall have given to the Bond Trustee in form satisfactory to it irrevocable written instructions to give on a date in accordance with the provisions of Section 5.04 hereof notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 5.04 hereof, (ii) there shall have been deposited with the Bond Trustee (or another Paying Agent) either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, or any other Person other than the holder thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Bond Trustee or any Paying Agent at the same time (including the Bond Fund and the Reserve Fund), shall be sufficient, in the opinion of an independent certified public accountant, to pay when due the principal of, premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event that said Bonds are not by their terms subject to redemption within the next 45 days, the Obligor shall have given the Bond Trustee in form satisfactory to it irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.04 hereof, a notice to the owners of such Bonds that the deposit required by subclause (ii) above has been made with the Bond Trustee (or another depository) and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Bonds. Neither the Government Obligations nor moneys deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds; provided any such cash received

from such principal or interest payments on such Government Obligations deposited with the Bond Trustee, if not then needed for such purpose, shall, at the written direction of the Obligor, either (1) be reinvested, to the extent practicable, in Government Obligations of the type described in clause (ii) of this paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, or (2) be used to pay principal and/or interest on the Bonds. At such time as any Bond shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Bond Indenture, except for the purpose of any payment from such moneys or Government Obligations deposited with the Bond Trustee and the purpose of transfer and exchange pursuant to Section 2.05 hereof.

The release of the obligations of the Issuer under this Section shall be without prejudice to the rights of the Bond Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable and necessary expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

ARTICLE VIII
DEFAULTS AND REMEDIES

SECTION 8.01. EVENTS OF DEFAULT. If any of the following events occur, it is hereby defined as and shall be deemed an "Event of Default":

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, or upon proceedings for redemption or as required by the sinking fund provisions hereof or otherwise.

(b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable.

(c) Declaration under the Master Indenture that the principal of, and accrued interest on, any Obligation issued thereunder is immediately due and payable.

(d) Failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in this Bond Indenture or in the Bonds contained, which failure shall continue for a period of 60 days after written notice specifying such failure and requesting that it be remedied, is given to the Issuer and the Obligor by the Bond Trustee or to the Issuer, the Obligor and to the Bond Trustee by the owners of not less than 25% in principal amount of the Bonds Outstanding; provided that such failure is the result of the failure of the Obligor to perform its obligations under the Loan Agreement.

SECTION 8.02. REMEDIES ON EVENTS OF DEFAULT. Upon the occurrence of an Event of Default, the Bond Trustee shall have the following rights and remedies:

(a) The Bond Trustee shall, in the event that the payment of the principal of and accrued interest on any Note has been declared due and payable immediately by the Master Trustee, by notice in writing given to the Issuer and the Obligor, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Bond Trustee shall give notice to the Bondholders in the same manner as a notice of redemption under Article V hereof, stating the date upon which the Notes and the Bonds shall be payable.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the payment of the principal of, and accrued interest on, the Notes and the Bonds has been declared due and payable immediately, the declaration of the acceleration of the Notes shall be annulled in accordance with the provisions of the Master Indenture, the declaration of the acceleration of the Bonds shall be automatically annulled, and the Bond Trustee shall promptly give written notice of such annulment to the Issuer and the Obligor and notice to Bondholders in the same manner as a notice of redemption under Article V hereof; but no such annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon;

(b) The Bond Trustee may, by mandamus, or other suit, action or proceeding at law or in equity, enforce the rights of the Bondholders, and require the Issuer or the Obligor or both of them to carry out the agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Loan Agreement and this Bond Indenture.

(c) The Bond Trustee may, by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Bondholders but any such judgment against the Issuer shall be enforceable only against the funds and accounts hereunder in the hands of the Bond Trustee.

(d) The Bond Trustee may, by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(e) The Bond Trustee may, upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred and if requested in writing by the owners of at least 25% in Aggregate Principal Amount of Bonds then Outstanding and indemnified as provided in Section 9.01(m) hereof (except the remedy under Section 8.02(a) above, for which no indemnity may be required), the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as it, being advised by counsel, shall deem most expedient in the interests of such Bondholders. In the event the Bond Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of owners of Outstanding Bonds, each representing less than a majority of the aggregate principal amount of the Outstanding Bonds, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

SECTION 8.03. MAJORITY OF BONDHOLDERS MAY CONTROL PROCEEDINGS. Anything in this Bond Indenture to the contrary notwithstanding the owners of at least a majority in Aggregate Principal Amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method, and place of conducting all proceedings, to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof and provided, further, that notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have the sole ability to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of Section 4.10 of the Loan Agreement. The Bond Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 9.01(m) hereof is provided to it by such Bondholders.

SECTION 8.04. RIGHTS AND REMEDIES OF BONDHOLDERS. No owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other applicable remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in Section 9.01 hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in their own names, nor unless they have also offered to the Bond Trustee indemnity as provided in Section 9.01(m) hereof, nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture, and to any action or cause of action for the enforcement of this Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have the right in any manner whatsoever to affect, disturb, or prejudice the lien of this Bond Indenture by his, her, its, or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds then Outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any owner of Bonds to enforce the payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner herein, and in the Bonds expressed.

SECTION 8.05. APPLICATION OF MONEYS. (a) Subject to the provisions of subparagraph (c) hereof, all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses (including reasonable attorney fees) of the proceedings resulting in the collection of such moneys and the expenses, liabilities, and advances incurred or made by the Bond Trustee and the then outstanding fees of the Bond Trustee, be deposited into the Bond Fund, and all moneys so deposited into the Bond Fund and all moneys held in or deposited into the Bond Fund during the continuance of an Event of Default and available for payment of the Bonds under the provisions of Section 3.04 hereof shall (after payment of the fees and expenses of the Bond Trustee and the Issuer) be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due at the rate of interest borne by such Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds (together with interest on overdue installments of principal at the rate of interest borne by each Bond), without preference or priority of principal over interest, any other installment of interest, or of any Bond over any other Bond, or of any series of Bonds over any other series of Bonds ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (ii) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the foregoing paragraph (i) of this Section.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any unpaid Bond until such unpaid Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Notwithstanding the foregoing, any moneys transferred into any Account of the Bond Fund from any Account in the Reserve Fund shall be (i) held by the Bond Trustee separate and apart from any other moneys in such Account of the Bond Fund and (ii) applied solely to the payment of principal of and interest on the series of Bonds related to such Account in the Reserve Fund.

(d) Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Bond Trustee and the Paying Agents

and all Administration Expenses have been paid, any balance remaining in any funds shall be paid to the Obligor as provided in Section 3.15 hereof.

SECTION 8.06. BOND TRUSTEE MAY ENFORCE RIGHTS WITHOUT BONDS. All rights of action and claims under this Bond Indenture or any of the Bonds Outstanding hereunder may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any owners of the Bonds and any recovery of judgment shall be for the ratable benefit of the owners of the Bonds, subject to the provisions of this Bond Indenture.

SECTION 8.07. BOND TRUSTEE TO FILE PROOFS OF CLAIM IN RECEIVERSHIP, ETC. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Obligor, the Bond Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Bond Trustee and of the Bondholders allowed in such proceedings for the entire amount due and payable by the Issuer under this Bond Indenture or by the Obligor at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Bondholder to file a claim in his, her or its own behalf.

No provision of this Bond Indenture empowers the Bond Trustee to authorize, consent to, accept or adopt on behalf of any Bondholder any plan or reorganization, arrangement, adjustment or composition affecting any of the rights of any Bondholders, or authorizes the Bond Trustee to vote in respect of the claim in any proceeding described in this Section.

In the event the Bond Trustee incurs expenses or renders services in any proceedings affecting the Obligor and described in this Section, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

SECTION 8.08. DELAY OR OMISSION NO WAIVER. No delay or omission of the Bond Trustee or of any Bondholder to exercise any right or power accruing upon any default or Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every power and remedy given by this Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.09. DISCONTINUANCE OF PROCEEDINGS ON DEFAULT, POSITION OF PARTIES RESTORED. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

SECTION 8.10. ENFORCEMENT OF RIGHTS. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title, and interest of the Issuer in and to the Loan Agreement (except those rights of the Issuer under Section 5.7, 7.5, and 9.5 thereof) and the Notes shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article VIII, be the sole real party in interest in respect of, and shall have standing, exclusive of owners of Bonds to enforce each and every right granted to the Issuer under the Loan Agreement and under the Notes. The Issuer and the Bond Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Bond Trustee of any and all rights of the Issuer in and to the Notes and the Loan Agreement shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of this Bond Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Bonds. Subject to Section 9.01 hereof, in exercising such right and the rights given the Bond Trustee under this Article VIII, the Bond Trustee shall take such action as, in the judgment of the Bond Trustee, would best serve the interests of the Bondholders, taking into account the provisions of the Master Indenture, together with the security and remedies afforded to owners of the Notes.

SECTION 8.11. UNDERTAKING FOR COSTS. All parties to this Bond Indenture agree, and each Bondholder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Bond Indenture, or in any suit against the Bond Trustee for any action taken or omitted by it as Bond Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Bond Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by a Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective maturities thereof expressed in such Bond (or, in the case of redemption, on or after the redemption date).

SECTION 8.12. WAIVER OF EVENTS OF DEFAULT. The Bond Trustee may in its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that the Bond Trustee may not waive an Event of Default described in subparagraph (a) of Section 8.01 hereof without the written consent of the Registered Owners of all Bonds then Outstanding; and provided, further, that notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have the sole ability to waive any Event of Default in connection with the covenants and obligations of the Obligor under Section 4.10 of the Loan Agreement.

ARTICLE IX
CONCERNING THE BOND TRUSTEE AND PAYING AGENTS

SECTION 9.01. DUTIES OF THE BOND TRUSTEE. The Bond Trustee hereby accepts the trust imposed upon it by this Bond Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture. In case an Event of Default has occurred (which has not been cured) the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder, either directly or by or through attorneys, agents, receivers, or employees, and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder, and shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trust hereof. The Bond Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication by the Bond Trustee endorsed on the Bonds and the acceptance of the trusts hereunder).

(d) The Bond Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or the proceeds thereof, or for any moneys disbursed by the Bond Trustee in accordance with this Bond Indenture. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture or the Bonds. The Bond Trustee is not a party to, is not responsible for, and makes no representations with respect to matters set forth in any preliminary or final official statement, or similar document prepared and distributed in connection with the sale of the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds. The Bond Trustee may become the owner of the Bonds with the same rights which it would have if not Bond Trustee.

(e) The Bond Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, teletransmission or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any request or direction of the Issuer or the Obligor mentioned herein shall be sufficiently evidenced by a written request, order, or consent signed in the name of the Issuer or Obligor, by the Issuer Representative, or Obligor, as the case may be. Any action taken by the

Bond Trustee pursuant to this Bond Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or matter or as to the sufficiency or validity of any instrument, paper, or proceeding, the Bond Trustee shall be entitled to rely and shall be protected in acting or refraining to act upon a certificate signed on behalf of the Issuer or the Obligor by the Issuer Representative or Obligor or such other person as may be designated for such purpose as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty (except as otherwise herein provided) and the Bond Trustee shall not be answerable for other than its own negligence or willful misconduct, except that:

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

(2) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders of at least a majority in Aggregate Principal Amount of the Outstanding Bonds relating to the time, method, and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture; and

(3) the Bond Trustee shall not be liable if the Bond Trustee reasonably relies in good faith upon an Officer's Certificate delivered pursuant to this Bond Indenture or an Opinion of Counsel.

(h) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by Article III hereof unless the Bond Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding and all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee, must, in order to be effective, be delivered to a Responsible Officer at the designated corporate trust office of the Bond Trustee, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds except to the extent required by this Bond Indenture or law.

(j) At any and all reasonable times the Bond Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect the Project, including all books, papers, and records of the Issuer and the Obligor pertaining to the Project and the Bonds.

(k) The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises, and no provision of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, without regard to whether it shall have grounds for believing that repayment of such funds or indemnity satisfactory against such risk or liability is not assured to it.

(l) Notwithstanding anything in this Bond Indenture contained, the Bond Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinion, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Bond Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Bond Trustee.

(m) Before taking any action under this Section or Article VIII hereof, the Bond Trustee may require that indemnity reasonably satisfactory to it be furnished to it for the reimbursement of its reasonable fees, costs, liabilities and all expenses (including attorneys fees) which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

(n) Except as provided in Section 9.01(a) above, it shall not be the duty of the Bond Trustee, except as expressly provided herein, to see that any duties or obligations imposed herein or in the Loan Agreement upon the Issuer, the Obligor, or other Persons are performed, and the Bond Trustee shall not be liable or responsible because of the failure of the Issuer, the Obligor, or other Persons to perform any act required of them pursuant to the terms of this Bond Indenture.

(o) In acting or omitting to act pursuant to the provisions of the Loan Agreement, the Bond Trustee shall be entitled to and be protected by the rights and immunities accorded to it by the terms of this Bond Indenture.

(p) In the event the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority

in aggregate principal amount of the Bonds Outstanding, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(q) The Bond Trustee's immunities and protections from liability in connection with the performance of its duties under this Bond Indenture shall extend to the Bond Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Bond Trustee's right to compensation, shall survive the Bond Trustee's resignation or removal and final payment of the Bonds.

(r) The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Bond Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; similar military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Bond Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(s) Notwithstanding the effective date of this Bond Indenture or anything to the contrary in this Bond Indenture, the Bond Trustee shall have no liability or responsibility for any act or event relating to this Bond Indenture which occurs prior to the date the Bond Trustee formally executes this Bond Indenture and commences acting as Bond Trustee hereunder.

(t) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty.

SECTION 9.02. FEES AND EXPENSES OF BOND TRUSTEE AND PAYING AGENT. The Issuer agrees, but solely from any funds received from the Obligor pursuant to the Loan Agreement,

(a) to pay to the Bond Trustee, each Paying Agent and all other agents their reasonable and necessary fees for services rendered hereunder as and when the same become due and all expenses (including attorney's fees) reasonably and necessarily made or incurred by the Bond Trustee, such Paying Agent or such other agent in connection with such services as and when the same become due as provided in Section 3.13 hereof; and

(b) to reimburse the Bond Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bond Trustee in accordance with any provisions of this Bond Indenture (including the reasonable compensation, expenses, and disbursements of its agents and counsel), except any such expense, disbursement, or advance as may be attributable to the negligence or bad faith of the Bond Trustee.

As security for the performance of the obligations of the Issuer under this Section, the Bond Trustee shall be secured under this Bond Indenture by a lien subject and subordinate to the Bonds, in the case of money held for the credit of the Construction Fund or the Reserve Fund, and otherwise prior to the Bonds, and for the payment of the expenses and reimbursements due

hereunder, the Bond Trustee shall have the right to use and apply any trust funds held by it hereunder, unless held or required to be held in the Rebate Fund.

SECTION 9.03. RESIGNATION OR REPLACEMENT OF BOND TRUSTEE. The present or any future Bond Trustee may resign by giving to the Issuer, the Obligor and each Bondholder thirty days' notice of such resignation. Such resignation shall not be effective until such time as a successor Bond Trustee shall have accepted its appointment. The present or any future Bond Trustee may be removed (a) at any time by an instrument in writing executed by the owners of at least a majority in Aggregate Principal Amount of Bonds Outstanding, or (b) if an Event of Default hereunder has not occurred and is continuing, by an instrument in writing executed by the Obligor.

In case the present or any future Bond Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Bondholders, or their attorneys in fact duly appointed; provided that the Issuer may, by an instrument executed by order of the Governing Body, appoint a successor until a new successor shall be appointed by the Bondholders as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to each Bondholder and to the Obligor, which notice may be given concurrently with the notice of resignation given by any resigning Bond Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding. In the event that the Issuer does not so act within thirty days after notice of resignation, the Bond Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Bond Trustee.

Every successor Bond Trustee shall always be a bank, banking corporation or trust company duly organized under the laws of the United States of America or any state or territory thereof, with trust powers in good standing, qualified to act hereunder, and having a combined capital and surplus of not less than $50,000,000. Any successor appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the predecessor Bond Trustee an instrument accepting such appointment hereunder and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as Bond Trustee herein; but the Bond Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall, upon payment of the expenses, charges and other disbursements which are due and owing to it pursuant to Sections 3.13 and 9.02 hereof, duly assign, transfer and deliver to the successor all properties and moneys held by it under this Bond Indenture. Should any instrument in writing from the Issuer be required by any successor for more fully and certainly vesting in and confirming to it all of such estates, properties, rights, powers, and trusts, the Issuer shall, on request of such successor, make, execute, acknowledge, and deliver the deeds, conveyances, and necessary instruments in writing.

The notices herein provided for shall be given by mailing a copy thereof to the Obligor and the Registered Owners of the Bonds at their addresses as the same shall last appear on the registration books. The instruments evidencing the resignation or removal of the Bond Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Bond Trustee in each recording office where this Bond Indenture shall have been filed and/or recorded.

SECTION 9.04. CONVERSION, CONSOLIDATION OR MERGER OF BOND TRUSTEE. Any bank, banking corporation or trust company into which the Bond Trustee merges or is consolidated, or to which it (or a receiver on its behalf) may sell or transfer its corporate trust business as a whole, or substantially as a whole, shall be the successor of the Bond Trustee under this Bond Indenture with the same rights, powers, duties, and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have authenticated, but not delivered, any successor Bond Trustee may adopt the certificate of any predecessor Bond Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Bond Trustee may authenticate such Bonds in the name of such successor Bond Trustee.

SECTION 9.05. DESIGNATION AND SUCCESSION OF PAYING AGENT. The Bond Trustee and any other banks or trust companies, if any, designated as Paying Agent or Paying Agents in any supplemental indenture shall be the Paying Agent or Paying Agents for the Bonds.

Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Bond Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within thirty days thereafter, appoint such bank or trust company as shall be specified by the Obligor and located in the same city as such Paying Agent to fill such vacancy; provided, however, that if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Trustee shall make such appointment.

The Paying Agents, if any, shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to the Bond Trustee insofar as such provisions may be applicable.

ARTICLE X
SUPPLEMENTAL INDENTURES AND AMENDMENTS TO THE LOAN AGREEMENT

SECTION 10.01. SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF BONDHOLDERS. The Issuer and the Bond Trustee may, without the consent of, or notice to, the Bondholders, enter into such indentures or agreements supplemental hereto (which supplemental indentures or agreements shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) To add to the covenants and agreements contained in this Bond Indenture other covenants and agreements thereafter to be observed for the protection or benefit of the Bondholders.

(b) To cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained in this Bond Indenture, or to make any provisions with respect to matters arising under this Bond Indenture or for any other purpose if such provisions are necessary or desirable and do not, in the judgment of the Bond Trustee, adversely affect the interests of the owners of Bonds.

(c) To subject to this Bond Indenture additional revenues, properties, or collateral.

(d) To qualify this Bond Indenture under the Trust Indenture Act of 1939, if such be hereafter required in the Opinion of Counsel.

(e) To satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds.

(f) To maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the Opinion of Bond Counsel such supplemental indenture or agreement is necessary.

SECTION 10.02. SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF BONDHOLDERS. Exclusive of supplemental indentures covered by Section 10.01 hereof, the owners of not less than a majority in Aggregate Principal Amount of the Bonds then Outstanding affected thereby shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Bond Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture; provided, however, that without the consent of the owners of all the Bonds at the time Outstanding nothing herein contained shall permit, or be construed as permitting any of the following:

(a) An extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond.

(b) The deprivation of the owner of any Bond then Outstanding of the lien created by this Bond Indenture (other than as originally permitted hereby).

(c) A privilege or priority of any Bond or Bonds, over any other Bond.

(d) A reduction in the Aggregate Principal Amount of the Bonds required for consent to any supplemental bond indenture.

Upon the execution of any supplemental bond indenture pursuant to the provisions of this Section, this Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

If at any time the Issuer shall request the Bond Trustee to enter into such supplemental bond indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to costs, fees and expenses (including attorney's fees), cause notice of the proposed execution of such supplemental indenture to be mailed to the Registered Owners of the Bonds at their addresses as the same last appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental bond indenture and shall state that copies thereof are on file at the designated office of the Bond Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the owners of not less than a majority in Aggregate Principal Amount of the Bonds Outstanding at the time of the execution of any such supplemental bond indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 10.03. EXECUTION OF SUPPLEMENTAL INDENTURE. The Bond Trustee is authorized to join with the Issuer in the execution of any such supplemental bond indenture and to make further agreements and stipulations which may be contained therein, but the Bond Trustee shall not be obligated to enter into any such supplemental bond indenture which affects its rights, duties, or immunities under this Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of a supplemental bond indenture is authorized or permitted by this Bond Indenture and has been effected in compliance with the provisions hereof. In connection with a supplemental bond indenture entered into pursuant to Section 10.01(b) hereof, the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bondholders would be affected by modification or amendment of this Bond Indenture, and any such determination shall be binding and conclusive upon the Issuer, the Obligor, and Bondholders. The Bond Trustee may receive an Opinion of Counsel as conclusive evidence as to whether the Bondholders would be so affected by any such modification or amendment to this Bond Indenture.

Any supplemental bond indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Bond Indenture; and all the terms and conditions contained in any such supplemental bond indenture as to any provision authorized to be contained therein shall be deemed to be part of this Bond Indenture for any and all purposes. In case of the execution and delivery of any supplemental bond indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any, if deemed necessary or desirable by the Bond Trustee.

SECTION 10.04. CONSENT OF OBLIGOR. Anything herein to the contrary notwithstanding, a supplemental bond indenture under this Article shall not become effective unless and until the Obligor shall have consented in writing to the execution and delivery of such supplemental bond indenture unless the Obligor is in default under the Loan Agreement or an Event of Default described under Section 8.01(a), (b) or (c) hereunder has occurred and is continuing, in which case no consent of the Obligor shall be required. The Bond Trustee shall cause notice of the proposed execution of any supplemental indenture together with a copy of the proposed supplemental bond indenture to be mailed to the Obligor at least fifteen days prior to the proposed date of execution of such supplemental bond indenture.

SECTION 10.05. AMENDMENTS, ETC., OF THE LOAN AGREEMENT NOT REQUIRING CONSENT OF BONDHOLDERS. The Issuer and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement and this Bond Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) to satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds, (d) to maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the Opinion of Bond Counsel such amendment is necessary, and (e) in connection with any other change therein which does not adversely affect the Bond Trustee or the owners of the Bonds.

SECTION 10.06. AMENDMENTS, ETC., OF THE LOAN AGREEMENT REQUIRING CONSENT OF BONDHOLDERS. Except for the amendments, changes, or modifications as provided in Section 10.05 hereof, neither the Issuer nor the Bond Trustee shall consent to any other amendment, change, or modification of the Loan Agreement without the giving of notice to and the written approval or consent of the owners of not less than a majority in Aggregate Principal Amount of the Bonds at the time Outstanding given and procured as provided in Section 10.02 hereof. If at any time the Issuer and the Obligor shall request the consent of the Bond Trustee to any such proposed amendment, change, or modification of the Loan Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Bond Trustee for inspection by all Bondholders.

In executing any amendment, change or modification of the Loan Agreement, the Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of such amendment, change, modification of the

Loan Agreement is authorized or permitted by this Bond Indenture and the Loan Agreement and has been effected in compliance with the provisions of this Bond Indenture and the Loan Agreement. The Bond Trustee may, but shall not be obligated to, enter into any such amendment, change, or modification which affects the Bond Trustee's own rights, duties or immunities. In connection with any amendment, change or modification in connection with Section 10.05(e), the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bond Trustee or the Bondholders would be prejudiced by such amendment, change, modification. Any such determination shall be binding and conclusive on the Issuer, the Obligor, and the Bondholders. The Bond Trustee may receive an Opinion of Counsel as conclusive evidence as to whether the Bondholders would be so affected by any such amendment, change, or modification of the Loan Agreement.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. EVIDENCE OF SIGNATURE OF BONDHOLDERS AND OWNERSHIP OF BONDS. Any request, consent, or other instrument which this Bond Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or of the ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Bond Trustee may, nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any fully registered Bond and the amount and numbers of such Bonds and the date of holding the same shall be proved by the registration books of the Issuer kept by the Bond Trustee.

Any request or consent of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Bond Trustee in accordance therewith.

SECTION 11.02. NO PERSONAL LIABILITY. No recourse under or upon any obligation, covenant or agreement contained in this Bond Indenture, or in any Bond hereby secured, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable preceding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond Indenture, shall be had against any elected official, officer, director, agent or employee, as such, past, present or future, of any of the Issuer, the Bond Trustee, or Duval County, Florida, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond issued hereunder or otherwise of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such person to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof or for or to the holder of any Bond issued hereunder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issue of such Bonds.

SECTION 11.03. LIMITED OBLIGATION. The Issuer, Duval County, Florida, the State of Florida or any political subdivision thereof, except the Issuer to the extent set forth herein, shall in any event be liable for the payment of the principal of, premium, if any, or

interest on any of the Bonds issued hereunder. The Bonds are limited obligations of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to their payment and not from any other revenues, funds or assets of the Issuer. None of the Bonds of the Issuer issued hereunder shall be construed or constitute an indebtedness of the Issuer or an indebtedness or obligation (special, moral or general) of the Issuer, Duval County, Florida, the State of Florida or any political subdivision thereof, except the Issuer to the extent set forth herein, within the meaning of any constitutional or statutory provision whatsoever.

SECTION 11.04. PARTIES INTERESTED HEREIN. With the exception of rights herein expressly conferred on the Obligor, nothing in this Bond Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Issuer, the Bond Trustee, the Paying Agents, and the owners of the Bonds, any right, remedy, or claim under or by reason of this Bond Indenture, and any covenants, stipulations, promises, and agreements in this Bond Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Bond Trustee and the owners of the Bonds.

SECTION 11.05. TITLES, HEADINGS, ETC. The titles and headings of the articles, sections, and subdivisions of this Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 11.06. SEVERABILITY. In the event any provision of this Bond Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 11.07. GOVERNING LAW. This Bond Indenture shall be governed and construed in accordance with the laws of the State of Florida.

SECTION 11.08. EXECUTION OF COUNTERPARTS. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.09. CONSEQUENTIAL/PUNITIVE DAMAGES. Anything in this Bond Indenture to the contrary notwithstanding, in no event shall the Bond Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Bond Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 11.10. WAIVER OF JURY TRIAL. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Bond Indenture, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

SECTION 11.11. NO LIABILITY OF BOND TRUSTEE'S OFFICERS. No recourse under or upon any obligation, covenant, or agreement contained in this Bond Indenture, or in the Bonds, or for any claim based thereon, or under any judgment obtained against the

Bond Trustee, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent of this Bond Indenture, shall be had against any incorporator, member, or officer, as such, past, present, or future of the Bond Trustee, or any incorporator, member, or officer of any successor corporation, as such, either directly or through the Bond Trustee, or any successor corporation, or otherwise, for the payment for or to the Bond Trustee as trustee hereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, or officer, as such, to respond by reason of any act or omission on his part, on the part of the Bond Trustee, or otherwise, for or to the Bond Trustee as trustee hereunder or otherwise, of any sum that may remain due and unpaid hereunder, is hereby expressly waived and released as a condition of and in consideration for the execution of this Bond Indenture

SECTION 11.12. NOTICES. Any notice, request or other communication under this Loan Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

(a) The date of notice by facsimile, electronic mail or similar communications, which is confirmed promptly in writing;

(b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail;

(c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above.

The address for notice for each of the parties shall be as follows:

To the Issuer:	City of Atlantic Beach, Florida 800 Seminole Road Atlantic Beach, Florida 32233-5445 Attn: City Manager Telephone: (904) 247-5809 Telecopier: (904) 247-5805
To the Obligor:	Naval Continuing Care Retirement Foundation, Inc. 1 Fleet Landing Boulevard Atlantic Beach, Florida 32233 Attn: Chief Executive Officer Telephone: (904) 246-9900 Telecopier: (904) 246-9447

To the Bond Trustee: U.S. Bank National Association
225 Water Street, Suite 700
Jacksonville, Florida 32202
Attention: _____
Telephone: _____

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

SECTION 11.13. PAYMENTS DUE ON HOLIDAYS. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Bond Indenture, shall be a legal holiday or a day on which banking institutions in Atlanta, Georgia, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Bond Indenture.

[*Remainder of page intentionally left blank; signature page follows*]

IN WITNESS WHEREOF, the CITY OF ATLANTIC BEACH, FLORIDA has caused this Bond Indenture to be executed on its behalf by its Mayor, and U.S. BANK NATIONAL ASSOCIATION has caused this Bond Indenture to be executed on its behalf by its duly authorized officer to evidence its acceptance of the trusts hereby created, all as of the date first above written.

CITY OF ATLANTIC BEACH, FLORIDA

By: _____
Ellen Glasser, Mayor

(OFFICIAL SEAL)

ATTEST:

_____
City Clerk

APPROVED AS TO FORM AND CORRECTNESS:

_____
City Attorney

U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee

By: _____
_____, Vice President

EXHIBIT B

LOAN AGREEMENT

LOAN AGREEMENT

between

CITY OF ATLANTIC BEACH, FLORIDA

and

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC.

Dated as of December 1, 2018

RELATING TO
CITY OF ATLANTIC BEACH, FLORIDA
HEALTH CARE FACILITIES REVENUE BONDS
(FLEET LANDING PROJECT),
SERIES 2018A

CITY OF ATLANTIC BEACH, FLORIDA
HEALTH CARE FACILITIES REVENUE BONDS
(FLEET LANDING PROJECT),
SERIES 2018B

TABLE OF CONTENTS

ARTICLE XI
MISCELLANEOUS

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated as of December 1, 2018 (the "Loan Agreement"), between the CITY OF ATLANTIC BEACH, FLORIDA, a municipality duly organized and existing under the laws of the State of Florida (the "Issuer"), and the NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC., a not for profit corporation duly organized and validly existing under the laws of the State of Florida (the "Obligor"),

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of the Act, the Issuer has determined to issue, sell and deliver its Bonds and to loan the proceeds derived from the sale thereof to the Obligor for the purpose of (i) financing or refinancing, including through reimbursement, all or a portion of the cost of the Project, (ii) funding a debt service reserve fund and (iii) paying all or a portion of the costs of issuance of the Bonds; and

WHEREAS, the Obligor and the Issuer each have full right and lawful authority to enter into this Loan Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed;

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

ARTICLE I
DEFINITIONS

SECTION 1.1. DEFINITIONS. Except as otherwise provided herein, the terms used in this Loan Agreement shall have the meanings given such terms in the Master Indenture (as defined below). In addition to such terms defined in the Master Indenture, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

"Account" means any account established within a Fund.

"Act" means Part II, Chapter 159, Florida Statutes, and other applicable provisions of law.

"Administration Expenses" means the reasonable and necessary fees and expenses incurred by the Issuer pursuant to this Loan Agreement and the Bond Indenture.

"Aggregate Principal Amount" means the outstanding principal amount including, in the case of a security sold at a discount to the purchaser thereof the accreted value of such discount calculated in accordance with the documents authorizing such security, or if not so defined, generally accepted accounting principles.

"Authorized Denominations" means the denomination of $5,000 or any integral multiple of $5,000 in excess thereof.

"Bond Counsel" means any attorney at law or firm of attorneys of nationally recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions as may be selected by the Obligor but is reasonably acceptable to the Issuer and is not objected to by the Bond Trustee.

"Bond Fund" means the Bond Fund created in Section 3.02 of the Bond Indenture.

"Bondholder" or **"Owner"** of the Bonds mean the registered owner of any fully registered Bond.

"Bond Indenture" means the Indenture of Trust of even date herewith relating to the Bonds between the Issuer and the Bond Trustee, including any indentures supplemental thereto made in conformity therewith.

"Bonds" means, collectively, the Series 2018A Bonds and the Series 2018B Bonds.

"Bond Trustee" means U.S. Bank National Association, being the registrar, a paying agent and the trustee under the Bond Indenture, or any successor corporate trustee.

"Business Day" means any day other than (i) a Saturday, a Sunday or, in the City of New York, New York, or in Jacksonville, Florida (or, if different, in the city in which the designated corporate trust office of the Bond Trustee is located), a day on which banking

institutions are authorized or required by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

"Claims" shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action or impleader) any Indemnified Party, even if groundless, false, or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, to result from, to relate to or to be based upon, in whole or in part: (a) the issuance of the Bonds, (b) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the issuance of the Bonds, or the obligations of the various parties arising under the Bond Indenture, this Loan Agreement or the Master Indenture, or (c) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof.

"Collateral Assignment" means the Collateral Assignment of Contracts dated as of December 1, 2018, from the Obligor to the Master Trustee.

"Completion Certificate" means a certificate of the Obligor delivered pursuant to Section 4.2(b) hereof.

"Completion Date" means the date specified in the Completion Certificate as the date of completion or termination.

"Construction Monitor" means _____.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate of the Obligor, dated the Delivery Date of the Bonds.

"Cost" or **"Costs"** as applied to a Project means and includes any and all costs permitted by the Code and the Act.

"Cost of Issuance" means (a) with respect to any tax exempt Bonds all costs that are treated as issuance costs within the meaning of Section 1.150-1(b) of the Code, and (b) with respect to any Bonds, all costs associated with the issuance of such Bonds including, but not limited to, (i) underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public); (ii) counsel fees (including Bond Counsel, underwriter's counsel, Issuer's counsel, Bond Trustee's counsel and Obligor's counsel fees that relate to the issuance of the Bonds, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds); (iii) financial advisory fees incurred in connection with the issuance of the Bonds; (iv) rating agency fees; (v) Bond Trustee fees incurred in connection with the issuance of the Bonds; (vi) Paying Agent and certifying registrar and authenticating agent fees related to issuance of the Bonds; (vii) accountant fees related to the issuance of the Bonds; (viii) printing costs of the Bonds and of the preliminary and final offering materials; (ix) publication costs associated with the financing proceedings; (x) any fees paid to the Issuer; and (xi) costs of engineering and feasibility studies necessary to the issuance of the Bonds; provided, that bond insurance premiums and certain

credit enhancement fees, to the extent treated as interest expense under the Code, shall not be treated as "Costs of Issuance" in connection with the issuance of tax exempt Bonds.

"Cost of Issuance Fund" means the cost of issuance fund created under Section 3.17 of the Bond Indenture.

"Delivery Date" means the date the Bonds are delivered to the initial purchasers against payment therefor.

"Disbursement Agreement" means the Construction Disbursement and Monitoring Agreement dated as of December 1, 2018 among the Obligor, the Construction Monitor, the Master Trustee and the Bond Trustee.

"Entrance Fee Fund" means the Entrance Fee Fund established under Section 3.07 of the Supplemental Indenture.

"Entrance Fee Redemption Account" means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

"Entrance Fee Redemption Date" means 35 days following each Entrance Fee Transfer Date.

"Entrance Fee Transfer Date" means the first Business Day of each month prior to the closure of the Entrance Fee Fund pursuant to Section 3.07 of the Supplemental Indenture.

"Event of Default" means those defaults specified in Section 8.01 of the Bond Indenture.

"Facilities" means the continuing care retirement facilities known as "Fleet Landing" which are located at One Fleet Landing Boulevard in Atlantic Beach, Florida and all land, buildings, structures, improvements, equipment, fixtures, machinery, furniture, furnishings and other real and personal property located thereon and all land, buildings, structures, improvements, equipment, fixtures, machinery, furniture, furnishings and other real and personal property now or hereafter attached to, or located in, or used in connection with, any such land, buildings, structures or improvements and all additions thereto, substitutions therefor and replacements thereof, whether now owned or hereafter acquired by the Borrower.

"Funded Interest Account" means the account of such name in the Construction Fund created in Section 3.06 of the Bond Indenture.

"Funds" means the Cost of Issuance Fund, Bond Fund, the Reserve Fund, Rebate Fund and the Construction Fund.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, including (in the case of direct obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust

company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the Obligor of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Indemnified Party" shall mean the Issuer and any of its respective officers, directors, members, officials, attorneys, consultants, agents, servants and employees, and any successor to any of such Persons.

"Indemnified Persons" means the Indemnified Parties and the Bond Trustee.

"Interest Account" means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

"Interest Payment Date" means each _____ ___ and _____ ___, commencing _____ _____, ____, or, if such day is not a Business Day, the immediately succeeding business day in the years during which the Bonds are Outstanding under the provisions of the Bond Indenture.

"Issuer" means the City of Atlantic Beach, Florida, or any public corporation succeeding to its rights and obligations under this Loan Agreement.

"Issuer Representative" means the Mayor of the Issuer or such other person at the time, and from time to time, designated by written certificate of the Issuer furnished to the Obligor and the Bond Trustee containing the specimen signature of such person and signed on behalf of the Issuer by its Mayor. Such certificate shall designate an alternate or alternates, any of whom may act at any time as Issuer Representative.

"Loan Agreement" means this Loan Agreement and any amendments and supplements hereto made in conformity herewith and with the Bond Indenture.

"Losses" means losses, costs, damages, expenses, judgments, and liabilities of whatever nature (including, but not limited to, reasonable attorney's, accountant's and other professional's fees, litigation and court costs and expenses, amounts paid in settlement and amounts paid to discharge judgments and amounts payable by Indemnified Persons to any other Person under any arrangement providing for indemnification of that Person) directly or indirectly resulting from arising out of or relating to one or more Claims.

"Master Indenture" means the Master Trust Indenture dated as of April 1, 2013, between the Obligor and the Master Trustee, as supplemented by the Supplemental Indenture and any supplements or amendments thereto and modifications thereof.

"Maximum Annual Debt Service Requirement" means an amount equal to the maximum principal and interest requirements (taking into account all mandatory sinking fund payments) due in any calendar year on the Bonds calculated in accordance with the provisions of the Master Indenture; provided, however, that principal of the Bonds in its final year shall be

excluded from the determination of Maximum Annual Debt Service Requirement to the extent moneys are on deposit as of the date of calculation in the Reserve Fund.

"Maximum Rate" means the lesser of (a) 15% per annum, or (b) the maximum interest rate permitted by applicable Florida law.

"Minimum Liquid Reserve Account" means the account maintained pursuant to the Escrow Agreement, dated as of October 1, 1994 and reissued on October 23, 2002, as amended by the Escrow Agreement Amendment, dated as of May 9, 2007, each between the Obligor and U.S. Bank National Association or predecessor entity, as escrow agent, as acknowledged by the Florida Department of Insurance, in order to satisfy the minimum liquid reserve requirements of Section 651.035, Florida Statutes. In accordance with said Section 651.035, Florida Statues, amounts on deposit in the Reserve Fund shall be credited against the amounts required to be on deposit in the Minimum Liquid Reserve Account.

"Mortgage" means the Mortgage and Security Agreement dated as of April 1, 2013, from the Obligor as Mortgagor, to the Master Trustee, as mortgagee, as amended and supplemented from time to time.

"Notes" means the promissory notes issued by the Obligor pursuant to the Supplemental Indenture relating to the Bonds.

"Obligated Group Representative" has the meaning assigned to such term in the Master Indenture.

"Obligor Documents" means this Loan Agreement, the Master Indenture, the Supplemental Indenture, the Notes, the Continuing Disclosure Certificate, the Collateral Assignment, the Mortgage, the Supplemental Mortgage and the Tax Compliance Agreement.

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

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Bond Trustee, who may be counsel to the Obligor or other counsel.

"Outstanding" means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or Government Obligations to the extent permitted in Section 7.01 of the Bond Indenture) shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the

Bond Trustee, shall have been filed with the Bond Trustee and provided further that prior to such payment or redemption, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of transfers and exchanges under Section 2.05 of the Bond Indenture; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.06 of the Bond Indenture.

"Paying Agent" means any bank or trust company, including the Bond Trustee, designated pursuant to the Bond Indenture to serve as a paying agency or place of payment for the Bonds, and any successor designated pursuant to the Bond Indenture.

"Payment Office" with respect to the Bond Trustee or other Paying Agent means the office maintained by the Bond Trustee or any affiliate of the Bond Trustee or of another Paying Agent for the payment of interest and principal on the Bonds.

"Permitted Investments" has the meaning assigned to such term in the Master Indenture.

"Premium Security" means any Permitted Investment purchased or to be purchased at a premium from funds in the Construction Fund.

"Principal Account" means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

"Project" means the project described in EXHIBIT A attached hereto.

"Project Account" means the account of such name in the Construction Fund created under Section 3.06 of the Bond Indenture.

"Qualified Project Costs" means Costs of the Project which constitute costs for property which is to be owned by the Obligor or another member of the Obligated Group and will not be used in an "unrelated trade or business" (as such term is used in Section 513(a) of the Code) of the Obligor (or any other organization described in Section 501(c)(3) of the Code) or in the trade or business of a person who is neither a governmental unit nor an organization described in Section 501(c)(3) of the Code. Costs of Issuance are not Qualified Project Costs and any fees paid to banks for letters of credit, for municipal bond insurance premiums or other guaranty fees and any capitalized interest on the Bonds shall be allocated between Qualified Project Costs to be paid or reimbursed from proceeds of the Bonds and Costs other than Qualified Project Costs to be paid or reimbursed from the proceeds of the Bonds. Qualified Project Costs shall not include costs or expenses paid more than sixty (60) days prior to the adoption by the Issuer, the Obligor or another member of the Obligated Group of a reimbursement resolution unless those expenditures qualify as "preliminary expenditures" within the meaning of the Code.

"Rebate Fund" means that special fund established in the name of the Issuer with the Bond Trustee pursuant to Section 3.16 of the Bond Indenture.

"Registered Owner" or **"Owners"** means the person or persons in whose name or names a Bond shall be registered on books of the Issuer kept by the Bond Trustee for that purpose in accordance with the terms of the Bond Indenture.

"Regular Record Date" means the last day of the month preceding each regularly scheduled interest payment date therefor.

"Reserve Fund" means the Debt Service Reserve Fund created in Section 3.08 of the Bond Indenture.

"Reserve Fund Obligations" means cash and Permitted Investments.

"Reserve Fund Requirement" means (a) with respect to the Series 2018A Bonds, an amount equal to Maximum Annual Debt Service Requirement on the Series 2018A Bonds, (b) with respect to the Series 2018B Bonds, an amount equal to one year's interest on the Series 2018B Bonds; provided, however, the Reserve Fund Requirement for the Series 2018A Bonds and Series 2018B Bonds shall not exceed the lesser of (i) 125% of the average annual debt service requirement for the Series 2018A Bonds or the Series 2018B Bonds, as applicable, (ii) 10% of the aggregate stated original principal amount of the Series 2018A Bonds or the Series 2018B Bonds, as applicable, or (iii) the Maximum Annual Debt Service on the Series 2018A Bonds or the Series 2018B Bonds, as applicable.

"Responsible Officer" when used with respect to the Bond Trustee means an officer of the Bond Trustee having direct responsibility for administration of the Bond Indenture.

"Securities Depository" means The Depository Trust Company, New York, New York, and any successor thereto as permitted by the Bond Indenture.

"Series 2018A Bonds" means the City of Atlantic Beach, Florida, Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A.

"Series 2018B Bonds" means, collectively, the Series 2018B-1 Bonds and the Series 2018B-2 Bonds.

"Series 2018B-1 Bonds" means the City of Atlantic Beach, Florida, Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-1.

"Series 2018B-2 Bonds" means the City of Atlantic Beach, Florida, Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-2.

"Special Record Date" means a special date fixed to determine the names and addresses of owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 2.03 of the Bond Indenture.

"Supplemental Indenture" means the Supplemental Master Trust Indenture Number 3, dated as of December 1, 2018, by the Obligor executed and delivered to the Master Trustee, supplementing the Master Trust Indenture and providing for the issuance of the Notes.

"Supplemental Mortgage" means [First Supplemental Mortgage and Security Agreement and Notice of Future Advance dated as of December 1, 2018, from the Obligor to the Master Trustee.]

"Surplus Construction Fund Moneys" means all moneys (including moneys earned pursuant to the provisions of Article VI of the Bond Indenture) remaining in the Construction Fund after completion or termination of the Project (as evidenced by a Completion Certificate) and payment of all other costs then due and payable from the Construction Fund**.**

"Tax Compliance Agreement" means the Tax Regulatory Agreement dated December __, 2018, among the Issuer, the Obligor and the Bond Trustee related to the Bonds.

"Trust Estate" means the property pledged and assigned to the Bond Trustee pursuant to the granting clauses of the Bond Indenture.

ARTICLE II
REPRESENTATIONS

SECTION 2.1. REPRESENTATIONS BY THE ISSUER. The Issuer represents that:

(a) The Issuer is a municipality duly organized and validly existing under and pursuant to the laws of the State of Florida and has full power and authority under the laws of the State of Florida (including, in particular, the Act) to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action the Issuer has duly authorized the execution and delivery of this Loan Agreement and the Bond Indenture and the performance of its obligations under this Loan Agreement and the Bond Indenture.

(b) To the best of the Issuer's knowledge, neither the execution and delivery of the Bonds, the Bond Indenture or this Loan Agreement, the consummation of the transactions contemplated thereby and hereby nor the fulfillment of or compliance with the terms and conditions or provisions of the Bonds, the Bond Indenture or this Loan Agreement conflict with or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State of Florida or of any agreement or instrument or judgment, order or decree of which the Issuer has notice that it is a party or constitutes a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(c) The Issuer has the power and authority to issue the Bonds for the purpose of financing all or a portion of the Cost of the Project, funding a debt service reserve fund and paying a portion of the Cost of Issuance. The Bonds shall be in the principal amount, mature, bear interest, be subject to redemption prior to maturity, be secured, and have such other terms and conditions as are set forth in the Bond Indenture.

(d) The Bonds are to be issued under and secured by the Bond Indenture pursuant to which the Issuer's interest in this Loan Agreement and in the Notes, and the revenues and receipts derived by the Issuer from the Notes, will be pledged and assigned to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

(e) The Obligor has represented to the Issuer that that the Project constitutes a "project" within the meaning of the Act.

(f) The issuance of the Bonds and the execution of this Loan Agreement and the Bond Indenture have been approved by the Issuer at a duly constituted meeting.

(g) Except as otherwise permitted by this Loan Agreement, the Issuer covenants that it has not and will not pledge the income and revenues derived from this Loan Agreement other than to secure the Bonds.

(h) After reasonable public notice given by publication in *The Financial News and Daily Record*, a newspaper published and of general circulation in the City of Atlantic Beach, Florida and the City of Jacksonville, Florida (the "City of Jacksonville"), on October 8, 2018, the

Issuer, on behalf of the Issuer and the City of Jacksonville, held a public hearing on October 22, 2018 concerning the issuance of the Bonds, the financing of the Project and the location of the Project. After such hearing, the Issuer authorized the issuance of the Bonds by duly adopting a resolution on October __, 2018.

SECTION 2.2. REPRESENTATIONS BY THE OBLIGOR. The Obligor represents that:

(a) The Obligor is a nonprofit corporation duly incorporated and in good standing under the laws of the State of Florida, has power to enter into the Obligor Documents and by proper corporate action has duly authorized the execution and delivery of the Obligor Documents.

(b) Neither the execution and delivery of any of the Obligor Documents, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of the Obligor Documents, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Obligor is now a party or by which it is bound or constitute a default under any of the foregoing.

(c) No event of default or any event which, with the giving of notice or the lapse of time, or both, would constitute an event of default under the Master Indenture, has occurred.

(d) To the best of the Obligor's knowledge, information and belief, all of the documents, instruments and written information supplied by or on behalf of the Obligor, which have been reasonably relied upon by Bond Counsel in rendering their opinion with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes or counsel to the Obligor in rendering its opinion with respect to the status of the Obligor under Section 501(c)(3) of the Code, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(e) The Project consists entirely of property that is owned, or to be owned, and operated by the Obligor. The Project will not be used in an "unrelated trade or business" (as such term is used in Section 513(a) of the Code) of the Obligor (or any other organization that is exempt from federal income tax under Section 501(c)(3) of the Code that may rent or use any portion of the Project) or for any private business use (other than by an organization that is exempt from federal income tax under Section 501(c)(3) of the Code) within the meaning and contemplation of Section 141(b) of the Code.

(f) The Tax Compliance Agreement executed and delivered by the Obligor 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.

(g) The Obligor agrees that it and any other Obligated Group Member (i) shall not perform any act or enter into any agreement which would adversely affect its members' federal income tax status and shall conduct its operations in the manner which conforms to the standards

necessary to qualify the members as a charitable organization within the meaning of Section 501(c)(3) of the Code or any successor provisions of federal income tax law, (ii) shall not perform any act, enter into any agreement or use or permit the Facilities, or any portion thereof, to be used in any manner, or for any trade or business or other non-exempt use related to the purposes of the Obligor, which would adversely affect the exclusion of interest on the Bonds, from federal gross income pursuant to Section 103 of the Code, (iii) shall not do or fail to do any act or undertaking which may give rise to unrelated trade or business income with respect to its operations at the Facilities, and (iv) shall not directly or indirectly use or permit the use (including the making of any investment) of any proceeds of the Bonds or any other funds of the Issuer or the Obligated Group, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(h) The Obligor agrees that neither it nor any related party to the Obligor (as defined in Section 1.150-1(b) of the Code) will purchase any of the Bonds in an amount related to the obligation represented by this Loan Agreement, as described in Section 1.148-1(b) of the Code.

(i) Any information that has been or will be supplied by the Obligor that has been or will be relied upon by the Issuer, the Bond Trustee and Bond Counsel with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds is true and correct.

(j) The Obligor is duly authorized to operate the Facilities under the laws, rulings, regulations and ordinances of the State of Florida and the departments, agencies and political subdivisions thereof.

(k) The Project constitutes a "project" within the meaning of the Act. All proceeds of the Bonds will be used to finance a "cost" within the meaning of the Act.

(l) Based on current facts, estimates and circumstances, it is currently expected that the Project will not be sold or disposed of in a manner producing sale proceeds which, together with accumulated proceeds of the Bonds or earnings thereon, would be sufficient to enable the Obligor to retire substantially all of the Bonds prior to the maturity of the Bonds.

(m) The Obligor will construct the Project and operate its Facilities in accordance with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities rating or inspection organizations, bureaus, associations, or offices having jurisdiction over the Facilities or the Project, as the case may be. The Obligor has obtained or will cause to be obtained all requisite approvals of the State of Florida and of other federal, state, regional and local governmental bodies for the Facilities and the Project.

(n) Substantially all of the net proceeds of the Bonds, including earnings from the investment thereof, were used, or will be used, to pay Qualified Project Costs.

(o) The Obligor will not discriminate against the residents of its Facilities or the Project on the basis of race, religion, sex or national origin.

(p) The Obligor agrees to perform all obligations imposed upon it by the express terms of the Bond Indenture.

ARTICLE III
TERM OF LOAN AGREEMENT

SECTION 3.1. TERM OF THIS LOAN AGREEMENT. Subject to Section 11.12 herein, this Loan Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or provision made for such payment pursuant to the Bond Indenture and all reasonable and necessary fees and expenses of the Bond Trustee and the Issuer accrued and to accrue through final payment of the Bonds and all liabilities of the Obligor with respect to the Bonds accrued and to accrue through final payment of the Bonds have been paid.

ARTICLE IV
ISSUANCE OF THE BONDS; CONSTRUCTION OF PROJECTS; DISBURSEMENTS

SECTION 4.1. AGREEMENT TO ISSUE BONDS, APPLICATION OF BOND PROCEEDS. The Issuer will sell and cause to be delivered to the initial purchasers thereof the Bonds and will deliver the net proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the applicable Accounts in the Reserve Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(ii) Deposit into the Cost of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(iv) Deposit to the Project Account the balance of the proceeds of the Bonds.

SECTION 4.2. PROJECT; COMPLETION CERTIFICATE.

(a) The Obligor shall cause the Project to be financed with proceeds of the Bonds to proceed with due diligence and pursuant to the requirements of the applicable laws of the State in all material respects.

(b) The Obligor shall deliver to the Bond Trustee within 90 days after the final completion or termination of the Project a certificate (the "Completion Certificate") of an Obligor to the effect that:

(i) the Project has been completed substantially in accordance with the plans and specifications, as then amended, and the date of completion;

(ii) the Cost of the Project has been fully paid for and no claim or claims exist against the Obligor or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Obligor intends to contest such claim or claims in accordance with this Loan Agreement, in which event such claim or claims shall be described; provided, further, that it shall be stated that moneys are on deposit in the applicable account of the Construction Fund sufficient to make payment of the full amount that might in any event be payable in order to satisfy such claim or claims; provided, further, that there may also be excepted from the foregoing statement any claim that has been insured over pursuant to an endorsement to any title insurance; and

(iii) all permits, certificates and licenses necessary for the occupancy and use of the Project have been obtained and are in full force and effect.

SECTION 4.3. COST OF CONSTRUCTION. The Obligor represents and warrants that it will use its best efforts to construct or cause the construction of the Project at a price which will permit completion of the Project within the amount of the funds to be deposited in the Construction Fund and within the amount of other available funds of the Obligor.

SECTION 4.4. PLANS; MODIFICATIONS OF PROJECT. The Obligor hereby covenants and agrees that no changes or modifications, or substitutions, deletions, or additions shall be made with respect to the Project if such change disqualifies the Project under the Act.

SECTION 4.5. COMPLIANCE WITH REGULATORY REQUIREMENTS. The Obligor agrees that the Project shall be constructed strictly in accordance with all applicable ordinances and statutes, and in accordance with the requirements of all regulatory authorities in all material respects, and any rating or inspection organization, bureau, association, or office having jurisdiction, and it will furnish to the Issuer all information necessary for the Issuer to comply with all of the foregoing and all laws, regulations, orders and other governmental requirements.

The Obligor shall, at no expense to the Issuer, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Obligor or to its Facilities and operations, including without limitation, Chapter 651, Florida Statutes. The Obligor shall cause the Minimum Liquid Reserve Account to be maintained and funded in an amount which, together with the moneys on deposit in the Reserve Fund, shall satisfy all of the Obligor's escrow requirements under Section 651.035, Florida Statutes.

SECTION 4.6. REQUESTS FOR DISBURSEMENTS. (a) The Obligor shall be entitled to disbursements of moneys in the Project Account of the Construction Fund to pay the Costs related to the Project. The Obligor shall request disbursements from the Project Account in the Construction Fund on the form attached hereto as EXHIBIT C to pay Costs of the Project, and to reimburse itself for Costs of the Project paid by the Obligor, upon presentation to the Bond Trustee of a request for disbursement signed by the Obligor, but in no event more often than once a month.

(b) Notwithstanding the foregoing, the Obligor shall make no request for disbursement of moneys from the Construction Fund for payment of Cost of Issuance.

SECTION 4.7. COST OF ISSUANCE FUND. The Obligor shall be entitled to disbursement of moneys in the Cost of Issuance Fund to pay the Cost of Issuance. The Obligor shall request disbursements from the Cost of Issuance Fund on the form attached hereto as EXHIBIT B to pay Cost of Issuance, and to reimburse itself for Cost of Issuance paid by the Obligor, upon presentation to the Bond Trustee of a request for disbursement signed by the Obligor, but in no event more often than four times a month.

SECTION 4.8. MODIFICATION OF DISBURSEMENTS. The making of any disbursement or any part of a disbursement shall not be deemed an approval or acceptance by the Bond Trustee of the work theretofore done. Upon prior notice to the Obligor and in order to

satisfy requirements specified in the Master Indenture, the Bond Trustee may deduct from any disbursement to be made under this Loan Agreement any amount necessary for the payment of fees and expenses required to be paid under this Loan Agreement and any insurance premiums, taxes, assessments, water rates, sewer rents and other charges, liens and encumbrances upon the facilities, whether before or after the making of this Loan Agreement, and any amounts necessary for the discharge of mechanic's liens, and apply such amounts in payment of such fees, expenses, premiums, taxes, assessments, charges, liens and encumbrances. All such sums so applied shall be deemed disbursements under this Loan Agreement.

SECTION 4.9. COVENANTS REGARDING TAX EXEMPTION. The Obligor hereby represents and covenants as follows:

(a) the Obligor will, at the expense of the Obligor, comply with, and make all filings required by, all effective rules, rulings or regulations promulgated by the Department of the Treasury or the Internal Revenue Service with respect to the obligations such as the Bonds, if any;

(b) the Obligor will continue to conduct its operations in a manner that will result in its continuing to qualify as an organization described in Section 501(c)(3) of the Code including but not limited to the timely filing of all returns, reports and requests for determination with the Internal Revenue Service and the timely notification of the Internal Revenue Service of all changes in its organization and purposes from the organization and purposes previously disclosed to the Internal Revenue Service;

(c) the Obligor will not divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated as described in Section 4.11 hereof;

(d) the Obligor will use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises; and

(e) the Obligor agrees to provide to the Bond Trustee, at such time as required by the Bond Trustee, all information required by the Bond Trustee with respect to Nonpurpose Investments (as defined in Section 148 of the Code) not held in any fund under the Bond Indenture.

SECTION 4.10. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Obligor covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Cost of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Obligor shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Obligor obtains an Opinion of Bond Counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Obligor shall not be obligated to comply with this covenant if it obtains an opinion that such

failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

SECTION 4.11. REPRESENTATIONS AND WARRANTIES AS TO TAX EXEMPT STATUS OF OBLIGOR. The Obligor hereby represents and warrants as follows:

(a) the Obligor is an organization exempt from federal income taxation under Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(b) the purposes, character, activities and methods of operation of the Obligor have not changed materially since its organization and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Code (the "Determination");

(c) the Obligor has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or disclosed to the Internal Revenue Service in connection with its Determination;

(d) the Obligor has not operated since its organization in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-1(c)(3) of the Code including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) with the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Obligor, no person controlled by any such individual or individuals nor any person having a personal or private interest in the activities of the Obligor has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Obligor during the current Fiscal Year and the period, if any, preceding the current Fiscal Year, other than as reported to the Internal Revenue Service by the Obligor;

(f) the Obligor is not a "private foundation" within the meaning of Section 509(a) of the Code;

(g) the Obligor has not received any indication or notice whatsoever to the effect that its exemption under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(h) the Obligor has filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and has notified the Internal Revenue Service of any changes in its organization and operation since the date of its Determination;

(i) the Obligor has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and

(j) the Obligor has not taken any action, nor does it know of any action that any other person has taken, nor does it know of the existence of any condition, which would cause the Obligor to lose its exemption from taxation under Section 501(a) of the Code or cause the interest on the Bonds to become taxable to the recipient thereof because such interest is not excludable from the gross income of such recipient for federal income tax purposes under Section 103(a) of the Code.

SECTION 4.12. DISPOSITION OF PROJECT. The Obligor covenants that the property constituting the Project or any portion thereof will not be sold or otherwise disposed in a transaction resulting in the receipt by the Obligor of cash or other compensation, unless the Obligor obtains an Opinion of Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds.

ARTICLE V
LOAN OF BOND PROCEEDS; NOTE; PROVISION FOR PAYMENT

SECTION 5.1. LOAN OF BOND PROCEEDS. The Issuer hereby agrees to loan to the Obligor the proceeds of the Bonds to provide financing and refinancing for the Costs of the Project. The Obligor hereby agrees to repay the loan pursuant to the conditions set forth in Section 5.2 hereof.

SECTION 5.2. REPAYMENT OF LOAN. The Obligor agrees to pay to the Bond Trustee for the account of the Issuer all payments when due on the Notes pursuant to the payment provisions contained in such Note. If for any reason the amounts paid to the Bond Trustee by the Obligor on the Notes, together with any other amounts available in the Bond Fund, are not sufficient to pay principal of, premium, if any, and interest on the Bonds when due, the Obligor agrees to pay the amount required to make up such deficiency.

SECTION 5.3. CREDITS. Any amount in an account of the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding any payment date on the Notes in excess of the aggregate amount then required to be contained in such account of the Bond Fund pursuant to Section 5.2 hereof shall be credited pro rata against the payments due by the Obligor on such next succeeding principal or interest payment date on the Notes.

In the event that all of the Bonds then Outstanding are called for redemption, any amounts contained in the Reserve Fund and the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Obligor on the Notes, as provided below.

The principal amount of any Bonds to be applied by the Bond Trustee as a credit against any sinking fund payment pursuant to Section 5.02 of the Bond Indenture shall be credited against the obligation of the Obligor with respect to payment of installments of principal of the Notes as described in the Supplemental Indenture.

The cancellation by the Bond Trustee of any Bonds purchased by the Obligor or of any Bonds redeemed or purchased by the Issuer through funds other than funds received on the Notes shall constitute payment of a principal amount of the Notes equal to the principal amount of the Bonds so cancelled. Upon receipt of written notice from the Bond Trustee of such cancellation, the Master Trustee shall at the request of the Obligor endorse on the Notes such payment of such principal amount thereof.

SECTION 5.4. NOTE. Concurrently with the sale and delivery by the Issuer of the Bonds, the Obligor shall execute and deliver the Notes substantially in the form set forth in the Supplemental Indenture.

SECTION 5.5. PAYMENT OF BOND TRUSTEE'S AND PAYING AGENT'S FEES AND EXPENSES. The Obligor agrees to pay the reasonable and necessary fees and expenses (including attorney's fees) of the Bond Trustee and any Paying Agents as and when the same become due, upon submission by the Bond Trustee or any Paying Agent of a statement therefor.

SECTION 5.6. RESERVE FUND. (a) In the event any moneys in any Account in the Reserve Fund are transferred to the Bond Trustee for deposit to the Bond Fund pursuant to Section 3.10 or 3.11 of the Bond Indenture, except if such moneys are transferred due to the redemption of all Bonds of a related series, the Obligor agrees to deposit additional funds or Reserve Fund Obligations in an amount sufficient to satisfy the Reserve Fund Requirement for such Account, such amount to be deposited in accordance with Section 6.03(d) of the Bond Indenture.

(b) In the event the value of the Reserve Fund Obligations (as determined pursuant to the statement of the Bond Trustee furnished in accordance with Section 6.03 of the Bond Indenture and for reasons other than those described in paragraph (a) above) on deposit in any Account in the Reserve Fund is less than the Reserve Fund Requirement, the Obligor agrees to deposit additional funds or Reserve Fund Obligations into the applicable Accounts in the Reserve Fund in an amount sufficient to satisfy the Reserve Fund Requirement for such Reserve Account, such amount to be deposited in accordance with Section 6.03(c) of the Bond Indenture.

SECTION 5.7. PAYMENT OF ADMINISTRATION EXPENSES. In consideration of the agreement of the Issuer to issue the Bonds and loan the proceeds thereof to the Obligor, the Obligor hereby agrees to pay any and all costs paid or incurred by the Issuer in connection with the financing or refinancing of the Project, whenever incurred, including out of pocket expenses and compensation in connection with the issuance of Bonds, including, without limitation, reasonable sums for reimbursement of the fees and expenses incurred by the Issuer's financial advisors, consultants and legal counsel in connection with the Project and the issuance of the Bonds.

SECTION 5.8. PAYEES OF PAYMENTS. The payments on the Notes pursuant to Section 5.2 hereof shall be paid in funds immediately available at the Payment Office of the Bond Trustee, directly to the Bond Trustee for the account of the Issuer and shall be deposited into the appropriate account of the Bond Fund. The amounts provided for in Section 5.6 hereof shall be paid to the Bond Trustee for the account of the Issuer and shall be deposited into the Reserve Fund. The payments to be made to the Bond Trustee and the Paying Agent under Section 5.5 hereof shall be paid directly to the Bond Trustee and the Paying Agent for their own use. The payments for Administration Expenses under Section 5.7 hereof shall be paid directly to the Issuer for its own use.

SECTION 5.9. OBLIGATIONS OF OBLIGOR HEREUNDER UNCONDITIONAL. The obligations of the Obligor to make the payments required in Section 5.2 hereof shall be absolute and unconditional. The Obligor will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in Section 5.2 hereof for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities or the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Florida or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied. Nothing contained in this Section shall be construed to release the Issuer from the performance

of any agreements on its part herein contained; and in the event the Issuer shall fail to perform any such agreement, the Obligor may institute such action against the Issuer as the Obligor may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the Obligor contained herein and the Issuer shall not be required to pay any costs, expenses, damages or any amounts of whatever nature except for amounts received pursuant to this Loan Agreement. Nothing herein shall be construed to impair the Obligor's right to institute an independent action for any claim that it may have against the Issuer, the Bond Trustee, any Bondholder or any other third party. The Obligor may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceedings or take any other action involving third persons which the Obligor deems reasonably necessary in order to secure or protect this right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Obligor.

ARTICLE VI
MAINTENANCE AND INSURANCE

SECTION 6.1. MAINTENANCE AND MODIFICATIONS BY OBLIGOR. The Obligor may, at its own expense, cause to be made from time to time any additions, modifications or improvements to the Project or the Facilities provided such additions, modifications or improvements do not impair the character of the Project or the Facilities as a "health care facility" and a "project" within the meaning of the Act or impair the extent of the exemption of interest on the Bonds from Federal income taxation.

SECTION 6.2. INSURANCE. Throughout the term of this Loan Agreement, the Obligor will, at its own expense, provide or cause to be provided insurance against loss or damage to the Facilities in accordance with the terms of the Master Indenture.

ARTICLE VII
SPECIAL COVENANTS

SECTION 7.1. NO WARRANTY OF MERCHANTABILITY, CONDITION OR SUITABILITY BY THE ISSUER. The Issuer makes no warranty, either express or implied, as to the condition of the Project or that the Project will be suitable for the Obligor's purposes or needs. Without limiting the effect of the preceding sentence, it is expressly agreed that in connection with each sale or conveyance pursuant to this Loan Agreement (i) the Issuer makes no warranty of merchantability and (ii) there are no warranties which extend beyond the description contained herein.

SECTION 7.2. RIGHT OF ACCESS TO THE PROJECT. The Obligor agrees that the Issuer, the Bond Trustee, and any of their duly authorized agents shall have the right at all reasonable times upon reasonable notice to the Obligor to examine and inspect the Project to determine that the Obligor is in compliance with the terms and conditions of this Loan Agreement; provided that any such inspection will be conducted in a manner that will minimize any intrusion on the operations of the Project.

SECTION 7.3. NONSECTARIAN USE. The Obligor agrees that no proceeds of the Bonds will be used to finance the construction, acquisition or installation of any portion of the Project which is intended to be used or which is being used for sectarian purposes.

SECTION 7.4. FURTHER ASSURANCES. The Issuer and the Obligor agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Loan Agreement.

SECTION 7.5. INDEMNIFICATION. (a) THE OBLIGOR AGREES THAT IT WILL AT ALL TIMES INDEMNIFY AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS OR DEMANDS OR EXPENSES (INCLUDING ATTORNEYS FEES), INCLUDING LOSSES AS A RESULT OF THE NEGLIGENT ACTS OR OMISSIONS OF ANY INDEMNIFIED PARTY, OTHER THAN LOSSES RESULTING FROM FRAUD, WILLFUL MISCONDUCT OR THEFT ON THE PART OF THE INDEMNIFIED PARTY CLAIMING INDEMNIFICATION. THE OBLIGOR ALSO SHALL INDEMNIFY THE BOND TRUSTEE FOR, AND DEFEND AND HOLD IT HARMLESS AGAINST, ANY LOSSES, LIABILITIES, CLAIMS OR DEMANDS OR EXPENSES (INCLUDING ATTORNEYS FEES) INCURRED WITHOUT NEGLIGENCE OR BAD FAITH ON ITS PART, ARISING OUT OF OR IN CONNECTION WITH THE ACCEPTANCE OR ADMINISTRATION OF THE TRUST CREATED UNDER THE BOND INDENTURE OR THE PERFORMANCE OF ITS DUTIES UNDER THE BOND INDENTURE, 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 UNDER THE BOND INDENTURE. THE BOND TRUSTEE MAY ENFORCE ITS RIGHTS UNDER THE PRECEDING SENTENCE AS A THIRD PARTY BENEFICIARY OF THIS LOAN AGREEMENT.

(b) NONE OF THE INDEMNIFIED PERSONS SHALL BE LIABLE TO THE OBLIGOR FOR, AND THE OBLIGOR HEREBY RELEASES EACH OF THEM FROM, ALL LIABILITY TO THE OBLIGOR FOR, ALL INJURIES, DAMAGES OR DESTRUCTION TO ALL OR ANY PART OF ANY PROPERTY OWNED OR CLAIMED BY THE OBLIGOR THAT DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF OR RELATE TO THE DESIGN, CONSTRUCTION, OPERATION, USE, OCCUPANCY, MAINTENANCE OR OWNERSHIP OF THE PROJECT OR ANY PART THEREOF, EVEN IF SUCH INJURIES, DAMAGES OR DESTRUCTION DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF OR RELATE TO, IN WHOLE OR IN PART, ONE OR MORE ACTS OR OMISSIONS, INCLUDING ACTS OR OMISSIONS CONSTITUTING NEGLIGENCE ON THE PART OF ANY INDEMNIFIED PERSON (BUT NOT INCLUDING ACTS OR OMISSIONS CONSTITUTING FRAUD, WILLFUL MISCONDUCT OR THEFT ON THE PART OF THE INDEMNIFIED PERSON CLAIMING RELEASE) IN CONNECTION WITH THE ISSUANCE OF ANY SERIES OF THE BONDS OR IN CONNECTION WITH THE PROJECT.

(c) Each Indemnified Person, as appropriate, shall reimburse the Obligor for payments made by the Obligor pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any other source (but not from the proceeds of any claim against any other Indemnified Person) with respect to any Loss to the extent necessary to prevent a recovery of more than the Loss by such Indemnified Person with respect to such Loss. At the request and expense of the Obligor, each Indemnified Person shall claim or prosecute any such rights of recovery from other sources (other than any claim against another Indemnified Person) and such Indemnified Person shall assign its rights to such rights of recovery from other sources (other than any claim against another Indemnified Person), to the extent of such required reimbursement, to the Obligor.

(d) In case any Claim shall be brought or, to the knowledge of any Indemnified Person, threatened against any Indemnified Person in respect of which indemnity may be sought against the Obligor, such Indemnified Person promptly shall notify the Obligor in writing; provided, however, that any failure so to notify shall not relieve the Obligor of its obligations under this Section.

(e) The Obligor shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Person shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless (i) the employment of such counsel has been specifically authorized by the Obligor, in writing, (ii) the Obligor has failed after receipt of notice of such Claim to assume the defense and to employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Person and the Obligor, and the Indemnified Person shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Obligor (in which case, if such Indemnified Person notifies the Obligor in writing that it elects to employ separate counsel at the Obligor's expense, the Obligor shall not have the right to assume the defense of the action on behalf of such Indemnified Person; provided, however, that the Obligor shall not, in connection with any one action or separate but substantially similar or

related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by the Indemnified Parties).

(f) Each Indemnified Person shall cooperate with the Obligor, and the Obligor shall cooperate with each Indemnified Person, in the defense of any action or Claim.

(g) The Obligor shall not be liable for any settlement of any action or Claim without the Obligor's consent but, if any such action or Claim is settled with the consent of the Obligor or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the Obligor shall indemnify and hold harmless the Indemnified Persons from and against any Loss by reason of such settlement or judgment to the extent provided in subsection (a) above.

(h) The provisions of this Section shall survive the termination of this Loan Agreement, and the obligations of the Obligor hereunder shall apply to Losses or Claims under subsection (a) above whether asserted prior to or after the termination of this Loan Agreement or the resignation or removal of the Bond Trustee. In the event of failure by the Obligor to observe the covenants, conditions and agreements contained in this Section, any Indemnified Person may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Obligor under this Section. The obligations of the Obligor under this Section shall not be affected by any assignment or other transfer by the Issuer of its rights, titles or interests under this Loan Agreement to the Bond Trustee pursuant to the Bond Indenture and will continue to inure to the benefit of the Indemnified Parties after any such transfer. The provisions of this Section shall be cumulative with and in addition to any other agreement by the Obligor to indemnify any Indemnified Person.

SECTION 7.6. AUTHORITY OF OBLIGOR. Whenever under the provisions of this Loan Agreement the approval of the Obligor is required, or the Issuer or the Bond Trustee are required to take some action at the request of the Obligor, such approval or such request shall be made by the Obligor unless otherwise specified in this Loan Agreement and the Issuer or the Bond Trustee shall be authorized to act on any such approval or request and the Obligor shall have no complaint against the Issuer or the Bond Trustee as a result of any action taken.

SECTION 7.7. AUTHORITY OF ISSUER REPRESENTATIVE. Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Bond Trustee are required, or the Obligor is required to take some action at the request of the Issuer, such approval or such request shall be made by the Issuer Representative unless otherwise specified in this Loan Agreement and the Obligor or the Bond Trustee shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Obligor or the Bond Trustee as a result of any such action taken.

SECTION 7.8. NO PERSONAL LIABILITY. No obligations contained in the Bonds, the Bond Indenture or this Loan Agreement shall be deemed to be the obligations of any officer, director, member, trustee, agent or employee of the Issuer, the Bond Trustee or the Obligor in his or her individual capacity, and neither the governing body of the Obligor or the

Bond Trustee, nor any official of the Issuer executing the Bonds, the Bond Indenture or this Loan Agreement shall be liable personally thereon or be subject to any personal liability or accountability with respect thereto.

SECTION 7.9. FEES AND EXPENSES. The Obligor agrees to pay promptly upon demand therefor all costs paid, incurred or charged by the Issuer in connection with the Bonds, including without limitation, (i) all fees required to be paid to the Issuer with respect to the Bonds, (ii) all out of pocket expenses and Cost of Issuance (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the issuance of the Bonds, and (iii) all out of pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the enforcement of any of its rights or remedies or the performance of its duties under the Bond Indenture or this Loan Agreement.

ARTICLE VIII
ASSIGNMENT AND LEASING

SECTION 8.1. ASSIGNMENT AND LEASING BY OBLIGOR. This Loan Agreement may be assigned, and all or any portion of the Project may be leased by the Obligor without the consent of either the Issuer or the Bond Trustee, provided that each of the following conditions is complied with:

(a) No assignment or leasing shall relieve the Obligor from primary liability for any of its obligations hereunder, and in the event of any such assignment or leasing the Obligor shall continue to remain primarily liable for payment of the loan payments and other payments specified in Article V hereof and for performance and observance of the other covenants and agreements contained herein; provided that if: (i) the Obligor withdraws from the Obligated Group (as defined in the Master Indenture) and is released from its obligations on the Notes by the Master Trustee pursuant to the Master Indenture; and (ii) this Loan Agreement has been assigned to a remaining member of the Obligated Group in accordance with this Section 8.1, the Obligor shall also be released from its liability for its obligations hereunder, including payment of the loan payments and other payments specified in Article V hereof and the performance and observance of the other covenants and agreements contained herein.

(b) The assignee or lessee shall assume in writing the obligations of the Obligor hereunder to the extent of the interest assigned or leased, provided that the provisions of this subsection shall not apply to a lease of a portion of the Project or an operating contract for the performance by others of Obligor or medical services on or in connection with the Project, or any part thereof.

(c) The requirements relating to assignment and leasing contained in the Tax Compliance Agreement and Master Indenture are met.

(d) The Obligor shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Bond Trustee a true and complete copy of each such assumption of obligations and assignment or lease of the Project, as the case may be.

SECTION 8.2. ASSIGNMENT AND PLEDGE BY ISSUER. Solely pursuant to the Bond Indenture, the Issuer may assign its interest in and pledge any moneys receivable under the Notes and this Loan Agreement (except in respect of certain rights to indemnification and for Administration Expenses, indemnification and payment of attorneys' fees and expenses pursuant to Sections 5.7, 7.5 and 9.5 hereof and to the right to receive notices) to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds. The Obligor consents to such assignment and pledge.

ARTICLE IX
FAILURE TO PERFORM COVENANTS AND REMEDIES THEREFOR

SECTION 9.1. FAILURE TO PERFORM COVENANTS. Upon failure of the Obligor to pay when due any payment (other than failure to make any payment on any Note, which default shall have no grace period) required to be made under this Loan Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and continuation of such failure for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Obligor by the Issuer or the Bond Trustee, the Issuer or the Bond Trustee shall have the remedies provided in Section 9.2 hereof.

SECTION 9.2. REMEDIES FOR FAILURE TO PERFORM. Upon the occurrence of a failure of the Obligor to perform as provided in Section 9.1 hereof, the Issuer or the Bond Trustee, as assignee or successor of the Issuer, upon compliance with all applicable law, in its discretion may take any one or more of the following steps:

(a) If the Bond Trustee has declared the Bonds immediately due and payable pursuant to the terms of the Bond Indenture, by written notice to the Obligor, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Bond Indenture) or otherwise, to be immediately due and payable as liquidated damages under this Agreement and not as a penalty, whereupon the same shall become immediately due and payable;

(b) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer, and require the Obligor to carry out any agreements with or for the benefit of the Bondholders and to enforce performance and observance of any duty, obligation, agreement or covenant of the Obligor under the Act or this Loan Agreement; or

(c) by action or suit in equity require the Obligor to account as if it were the trustee of an express trust for the Issuer; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer; or

(e) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

SECTION 9.3. DISCONTINUANCE OF PROCEEDINGS. In case any proceeding taken by the Issuer or the Bond Trustee on account of any failure to perform under Section 9.1 shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had been taken.

SECTION 9.4. NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to the Issuer or the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bond Trustee to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than notice required in Section 9.1 hereof. Such rights and remedies given the Issuer hereunder shall also extend to the Bond Trustee and the holders of the Bonds, subject to the Bond Indenture.

SECTION 9.5. LOAN AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Issuer or the Bond Trustee should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Obligor herein or in the Bond Indenture contained, the Obligor agrees that it will on demand therefor pay to the Issuer or the Bond Trustee, as the case may be, the reasonable fee of such attorneys and such other reasonable expenses incurred by the Issuer or the Bond Trustee.

SECTION 9.6. WAIVERS. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Loan Agreement to the Bond Trustee under the Bond Indenture, the Issuer shall have no power to waive any failure to perform under Section 9.1 hereunder without the consent of the Bond Trustee (other than a failure to observe the covenants contained in Section 4.10 hereof, which may be waived by the Issuer without the consent of the Bond Trustee).

ARTICLE X
PREPAYMENT OF NOTE

SECTION 10.1. GENERAL OPTION TO PREPAY NOTE. The Obligor shall have and is hereby granted the option exercisable at any time to prepay all or any portion of its payments due or to become due on the Notes by depositing with the Bond Trustee for payment into the Bond Fund an amount of money or Government Obligations the principal and interest on which when due, will be equal to an amount sufficient to pay the principal of, premium, if any, and interest on any portion of the Bonds then Outstanding under the Bond Indenture, without penalty. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Bond Indenture and the Obligor specifies the date for such redemption. In the event the Obligor prepays all of its payments due and to become due on the Notes by exercising the option granted by this Section and upon payment of all reasonable and necessary fees and expenses of the Bond Trustee, the Issuer and any Paying Agent accrued and to accrue through final payment of the Bonds called for redemption as a result of such prepayment and of all Administration Expenses through final payment of the Bonds called for redemption as a result of such prepayment, this Loan Agreement shall terminate; provided that no such termination shall occur unless all of the Bonds are no longer Outstanding.

SECTION 10.2. CONDITIONS TO EXERCISE OF OPTION. To exercise the option granted in Section 10.1 hereof, the Obligor shall give written notice to the Bond Trustee which shall specify therein the date of such redemption, which date shall be not less than 30 days from the date the notice is mailed.

ARTICLE XI
MISCELLANEOUS

SECTION 11.1. NOTICES. Any notice, request or other communication under this Loan Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

(a) The date of notice by facsimile, electronic mail or similar communications, which is confirmed promptly in writing;

(b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail; or

(c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above.

The address for notice for each of the parties shall be as follows:

To the Issuer:	City of Atlantic Beach, Florida 800 Seminole Road Atlantic Beach, Florida 32233-5445 Attn: City Manager Telephone: (904) 247-5809 Telecopier: (904) 247-5805
To the Borrower:	Naval Continuing Care Retirement Foundation, Inc. 1 Fleet Landing Boulevard Atlantic Beach, Florida 32233 Attn: Chief Executive Officer Telephone: (904) 246-9900 Telecopier: (904) 246-9447
To the Bond Trustee:	U.S. Bank National Association 225 Water Street, Suite 700 Jacksonville, Florida 32202 Attention: _____ Telephone: _____ Telecopier: (904) 358-5374

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

SECTION 11.2. BINDING EFFECT. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Obligor, and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.1, 8.2 and 11.9 hereof.

SECTION 11.3. SEVERABILITY. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 11.4. AMOUNTS REMAINING IN FUNDS. It is agreed by the parties hereto that any amounts remaining in the Cost of Issuance Fund, Bond Fund, the Reserve Fund and any Construction Fund upon expiration or sooner termination of this Loan Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Indenture), the fees, charges, and expenses of the Bond Trustee, the Issuer and the Paying Agent in accordance with the Bond Indenture, the Administration Expenses and all other amounts required to be paid under this Loan Agreement and the Bond Indenture, shall belong to and be paid to the Obligor by the Bond Trustee or the Issuer.

SECTION 11.5. AMENDMENTS, CHANGES, AND MODIFICATIONS. Except as otherwise provided in this Loan Agreement or in the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered, or terminated without the prior written consent of the Bond Trustee, or to the extent of a change in rights of the Issuer, the Issuer, including, without limitation, amendments with respect to indemnification and payment of fees and expenses of the Issuer.

SECTION 11.6. EXECUTION IN COUNTERPARTS. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.7. PAYMENT. At such time as the principal of, premium, if any, and interest on all Bonds Outstanding under the Bond Indenture shall have been paid, or shall be deemed to be paid, in accordance with the Bond Indenture, and all other sums payable by the Obligor under this Loan Agreement shall have been paid, the Notes shall be deemed to be fully paid and shall be delivered by the Bond Trustee to the Obligor.

SECTION 11.8. GOVERNING LAW. This Loan Agreement shall be governed and construed in accordance with the law of the State of Florida.

SECTION 11.9. NO PECUNIARY LIABILITY OF ISSUER. No provision, covenant, or agreement contained in this Loan Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any Florida constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Loan Agreement, the Issuer has not obligated itself except with respect to the application of the revenues, income, and all other property therefrom, as hereinabove provided.

SECTION 11.10. PAYMENTS DUE ON HOLIDAYS. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in

this Loan Agreement, shall be a legal holiday or a day on which banking institutions in Jacksonville, Florida are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Loan Agreement.

SECTION 11.11. NO INDIVIDUAL LIABILITY. No covenant or agreement contained in this Loan Agreement or the Bond Indenture shall be deemed to be the covenant or agreement of any member of the governing body of the Obligor or the Bond Trustee or of any officer, director, trustee, agent or employee of the Issuer, the Bond Trustee or the Obligor or the governing body of Duval County, Florida, in his or her individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement or any assessment or penalty, or otherwise.

SECTION 11.12. SURVIVAL OF COVENANTS. All covenants, agreements, representations and warranties made by the Obligor in this Loan Agreement, the Bond Indenture, the Notes and the Bonds, and in any certificates or other documents or instruments delivered pursuant to this Loan Agreement or the Bond Indenture, shall survive the execution and delivery of this Loan Agreement, and the Bond Indenture and the Notes and shall continue in full force and effect until the Bonds and the Notes are paid in full and all of the Obligor's other payment obligations (including without limitation the indemnification obligation under Section 7.5 hereof and the obligations under Sections 5.5, 5.7 and 9.5 hereof) under this Loan Agreement, the Bond Indenture, the Notes and the Bonds are satisfied. All such covenants, agreements, representations and warranties shall be binding upon any successor and assigns of the Obligor.

IN WITNESS WHEREOF, the Issuer and the Obligor have caused this Loan Agreement to be executed in their respective corporate names, all as of the date first above written.

CITY OF ATLANTIC BEACH, FLORIDA

By: _____
Ellen Glasser, Mayor

(OFFICIAL SEAL)

ATTEST:

_____
City Clerk

APPROVED AS TO FORM AND CORRECTNESS:

_____
City Attorney

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC.

By: _____
Joshua Ashby, Chief Executive Officer

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of (i) the design, acquisition, construction and installation of approximately 128 independent living apartments containing approximately 228,506 square feet, approximately 38 assisted living apartments containing approximately 41,225 square feet, approximately 30 skilled nursing units containing approximately 28,850 square feet, a restaurant building containing approximately 12,000 square feet, which will accommodate three dining establishments, and an addition to the existing wellness facilities containing approximately 10,000 square feet, (ii) the renovation of existing assisted living units, (iii) the renovation of existing wellness amenity spaces, and (iii) the acquisition, construction and installation of related facilities, improvements, fixtures, furnishings and equipment, and other capital expenditures at the Community.

EXHIBIT B
FORM FOR CONSTRUCTION FUND DISBURSEMENT
NO. _____

U.S. Bank National Association
225 Water Street, Suite 700
Jacksonville, Florida 32202
Attention: Corporate Trust Department

Re: City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A and Series 2018B

Ladies and Gentlemen:

This request for disbursement is submitted to you pursuant to Section 4.6 of the Loan Agreement (the "Loan Agreement") dated as of December 1, 2018, between the City of Atlantic Beach, Florida and Naval Continuing Care Retirement Foundation, Inc. (the "Obligor") relating to the captioned Bonds. Terms used in this requisition shall have the meanings specified for them in the Loan Agreement. The Bond Trustee is hereby authorized and directed to make payment from the Project Account in the Construction Fund as specified in Schedule A attached hereto. The undersigned authorized representative of the Obligor hereby certifies to you in connection with the amount for which payment is requested by this requisition, as follows:

1. The obligations in the amounts stated on Schedule A hereto have been incurred by the Obligor for the Cost of the Project and are presently due and payable or to be reimbursed for the payment thereof.

2. All previous disbursements, if any, made pursuant to Section 4.6 of the Loan Agreement have been expended for Costs of the Project described in prior requisitions, if any, submitted by the authorized representative of the Obligor;

3. This requisition is for costs that were properly incurred and are proper charges against the Construction Fund;

4. Nothing has come to the attention of the Obligor that would cause it to conclude that the representations and warranties contained in the Loan Agreement are not true and correct as of the date hereof; and

5. No event has occurred and is continuing which constitutes an Event of Default under the Bond Indenture or the Loan Agreement.

Date:_____

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC., as Obligor

By: _____
Authorized Officer

EXHIBIT C

FORM FOR COST OF ISSUANCE DISBURSEMENT

NO. _____

U.S. Bank National Association
225 Water Street, Suite 700
Jacksonville, Florida 32202
Attention: Corporate Trust Department

Re: City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A and Series 2018B

Ladies and Gentlemen:

This request for disbursement is submitted to you pursuant to Section 4.7 of the Loan Agreement (the "Loan Agreement") dated as of December 1, 2018, between the City of Atlantic Beach, Florida and Naval Continuing Care Retirement Foundation, Inc. (the "Obligor") relating to the captioned Bonds. Terms used in this requisition shall have the meanings specified for them in the Loan Agreement. The Bond Trustee is hereby authorized and directed to make payment from the Cost of Issuance Fund as specified in Schedule A attached hereto. The undersigned authorized representative of the Obligor hereby certifies to you in connection with the amount for which payment is requested by this requisition, as follows:

1. The obligations as set forth on this requisition were incurred in connection with the issuance of the Bonds;

2. All previous disbursements, if any, made pursuant to Section 4.7 of the Loan Agreement have been expended for Costs of Issuance described in prior requisitions, if any, submitted by the authorized representative of the Obligor;

3. This requisition is for costs that were properly incurred and are proper charges against the Cost of Issuance Fund;

4. The expenditures of the amount requested under this requisition, when added to all disbursements under previous requisitions, will result in no more than two percent (2%) of the aggregate face amount of the Bonds being used for payment of Costs of Issuance related to the Bonds;

5. Nothing has come to the attention of the Obligor that would cause it to conclude that the representations and warranties contained in the Loan Agreement are not true and correct as of the date hereof; and

6. No event has occurred and is continuing which constitutes an Event of Default under the Bond Indenture or the Loan Agreement.

Date:_____

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC., as Obligor

By: _____
Authorized Officer

EXHIBIT C

BOND PURCHASE AGREEMENT

$_____	$_____
CITY OF ATLANTIC BEACH, FLORIDA Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A	**CITY OF ATLANTIC BEACH, FLORIDA Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B**

BOND PURCHASE AGREEMENT

November __, 2018

City of Atlantic Beach, Florida
Atlantic Beach, Florida

Naval Continuing Care Retirement
Foundation, Inc.
Atlantic Beach, Florida

To the Addressees:

The undersigned, B.C. Ziegler and Company (the "Underwriter"), being duly authorized, hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the City of Atlantic Beach, Florida (the "Issuer") and Naval Continuing Care Retirement Foundation, Inc. (the "Obligor" or "Obligated Group Representative") on behalf of itself and as the Obligated Group Representative on behalf of Future Landing, LLC ("Future Landing," and together with the Obligor, referred to as the "Members of the Obligated Group" or "Obligated Group"), for the purchase by the Underwriter and the sale by the Issuer of the Bonds referred to in Section 1 hereof. This offer is made subject to acceptance by the Issuer and the Obligor of this Purchase Agreement, which acceptance shall be evidenced by the execution of this Purchase Agreement by duly authorized officers of the respective parties prior to 5:00 P.M., Eastern Daylight Time on November __, 2018. Upon such acceptance, execution and delivery, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Obligated Group and the Underwriter. Capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned to them in the Loan Agreement (as defined below) or in the Official Statement referred to in Section 2 hereof.

1. Purchase and Sale. Upon the terms and conditions and based on the representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter,

all (but not less than all) of the Issuer's Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018 (the "Series 2018 Bonds") consisting of the above-captioned Series 2018A Bonds (the "Series 2018A Bonds") and Series 2018B Bonds (the "Series 2018B Bonds") in the principal amounts specified above. The Series 2018B Bonds shall be further distinguished with two subseries, designated as the Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-1 (the "Series 2018B-1 Bonds") and Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B-2 (the "Series 2018B-2 Bonds") in the principal amounts specified in EXHIBIT A hereto.

The purchase price for the Series 2018 Bonds shall be $_____ (representing the par amount of the Series 2018 Bonds **[**plus/minus**]** **[**net**]** original issue **[**premium/discount**]** of $_____ and less an underwriting discount of $_____).

2. Authorizing Instruments. The Bonds shall be as described in, and shall be authorized by a resolution adopted by the Issuer on October 22, 2018 (the "Resolution"). The Bonds shall be issued and secured under and pursuant to an Indenture of Trust dated as of December 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (in such capacity, the "Bond Trustee"), and shall be payable from the Trust Estate (as defined in the Indenture), including the revenues derived by the Issuer under a Loan Agreement dated as of December 1, 2018 (the "Agreement"), between the Issuer and the Obligor. The Obligor will evidence its obligations with respect to the Bonds by issuing the Series 2018 Notes relating to the Bonds (the "2018 Notes") pursuant to Supplemental Indenture Number 7, dated as of December 1, 2018 (the "Supplement") to the Master Trust Indenture, dated as of April 1, 2013 (the "Master Indenture"), each between the Obligated Group Representative and U.S. Bank National Association, as master trustee (the "Master Trustee").

The 2018 Notes issued under the Master Indenture are secured by a security interest in certain revenues of the Obligated Group and by a **[**Mortgage and Security Agreement dated as of April 1, 2013, between the Obligor as amended and supplemented and the Master Trustee, relating to certain property of the Obligor (the "Mortgage")**]**.

The Bonds shall be dated their date of delivery (the "Closing Date"), and shall have the terms specified in the Preliminary Official Statement dated October __, 2018, (the "Preliminary Official Statement") and the Final Official Statement dated the date of this Purchase Agreement (the "Final Official Statement"), including the maturities and interest rates set forth in EXHIBIT A annexed hereto. The Bonds shall be subject to optional and mandatory sinking fund redemption as described in EXHIBIT B hereto and otherwise as set forth in the Indenture.

3. Public Offering of Bonds. The Underwriter agrees to make a bona fide public offering of the Bonds, solely pursuant to the Preliminary Official Statement and the Final Official Statement at the initial offering prices set forth on the inside cover page of the Final Official Statement, reserving, however, the rights to (i) change such initial offering

prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds and (ii) offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at concessions to be determined by the Underwriter. The Underwriter, subject to Section 5 hereof, also reserves the right to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

The Issuer and the Obligor acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or fiduciary of the Issuer or the Obligor; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer or the Obligor with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer or the Obligor on other matters) nor has it assumed any other obligation to the Issuer or the Obligor except the obligations expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Obligor; and (v) the Issuer and the Corporation have consulted with their own legal and financial advisors to the extent they deemed appropriate in connection with the offering of the Bonds.

4. Use of Proceeds. The proceeds to be received by the Issuer from the sale of the Bonds will be loaned to the Obligor pursuant to the Agreement in order to (i) finance and refinance (including reimbursement) the cost of acquisition, construction, installation and equipping of certain capital improvements to the Obligor's existing campus known as Fleet Landing in the City of Atlantic Beach, Florida, (as more fully described in the Official Statement, the "Project"), (ii) refund certain outstanding indebtedness of the Obligated Group, (iii) fund, for a period of approximately **[**22**]** months, interest on the Bonds, (iv) fund a debt service reserve fund for the Bonds, and (v) pay costs associated with issuing the Bonds.

5. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Foley & Lardner LLP, as bond counsel ("Bond Counsel"), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in Schedule C-I attached hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the date of Closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all of the Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule C-I attached hereto, except as otherwise set forth therein. Schedule C-I also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity

have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

6. Preliminary and Final Official Statements.

(a) The Obligor has caused to be prepared, and the Issuer and the Obligor hereby confirm that they have heretofore made available to the Underwriter the Preliminary Official Statement. The Obligor agrees to deliver to the Underwriter, at such address as the Underwriter shall specify, as many copies of the Final Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") under the Securities Exchange Act of 1934, as amended, (the "1934 Act") and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Obligor agrees to deliver such Final Official Statement within seven business days after the execution hereof. The Issuer is not undertaking any responsibility for the accuracy or completeness of any of the information in the Preliminary Official Statement or the Final Official Statement except for the information contained under the captions "THE ISSUER" and "LITIGATION - Issuer."

(b) The Issuer and the Obligor by their acceptance hereof, ratify and approve the Preliminary Official Statement as of its date and authorize and approve the Final Official Statement (the Final Official Statement and any amendments or supplements that may be authorized for use with respect to the Bonds are herein referred to collectively as the "Official Statement"), consent to their distribution and use by the Underwriter and authorize the execution of the Final Official Statement by duly authorized officers of the Obligor. The Obligor agrees to obtain the approval in writing of Moore Stephens Lovelace, P.A. to use its report in Appendix B of the Preliminary and Final Official Statements.

(c) The Underwriter shall give notice to the Issuer and the Obligor on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver Final Official Statements pursuant to paragraph (b)(4) of the Rule.

7. Disclosure. As of the date hereof, the Underwriter has filed with the Issuer the disclosure and truth-in-bonding statement attached hereto as EXHIBIT D, pursuant to Section 218.385, Florida Statutes, as amended.

8. Agreed Upon Procedures and Auditor Consents.

(a) On or prior to the date of delivery of the Preliminary Official Statement, there has been delivered to the Underwriter (i) a letter of Moore Stephens Lovelace, P.A. dated the date of the Preliminary Official Statement, with agreed upon procedures performed to a date not more than five (5) business days prior to the date thereof (the "Agreed Upon Procedures Letter") and (ii) a letter from Moore Stephens Lovelace, P.A. consenting to the inclusion of their report on the Obligor’s audited financial statements and to references to

them under the heading "INDEPENDENT AUDITORS" in the Preliminary Official Statement.

(b) At least three (3) business days prior to the printing of the Final Official Statement there shall be delivered to the Underwriter (i) a letter of Moore Stephens Lovelace, P.A., to the effect that such accountants reaffirm, the statements made given in the Agreed Upon Procedures Letter and (ii) a letter from Moore Stephens Lovelace, P.A. consenting to the inclusion of their report on the Obligor's audited financial statements and to references to them under the heading "INDEPENDENT AUDITORS" in the Final Official Statement.

9. Representations, Warranties and Covenants of the Issuer. The Issuer hereby represents, warrants and covenants to the Underwriter as follows:

(a) The Issuer is a municipal corporation and a political subdivision of the State of Florida.

(b) The Issuer is authorized under the laws of the State of Florida (i) to issue the Bonds for the purposes described in Section 4 hereof; (ii) to pledge the Trust Estate to the Bond Trustee under and pursuant to the Indenture, for the benefit of the owners of the Bonds; (iii) to execute and deliver this Purchase Agreement, the Bonds, the Indenture and the Agreement; and (iv) to carry out and consummate all of the transactions contemplated on its part by this Purchase Agreement, the Resolution, the Bonds, the Indenture, the Agreement, and the Preliminary and Final Official Statements (collectively, the "Issuer Documents").

(c) The information relating to the Issuer under the captions "THE ISSUER" and "LITIGATION—Issuer" contained in the Preliminary Official Statement is, and as of the date of closing such information in the Final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not and the Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. It is understood and agreed to by the parties hereto that the Issuer's representations with respect to the information contained in the Preliminary Official Statement and Final Official Statement is limited to the information contained under the captions "THE ISSUER" and "LITIGATION—Issuer."

(d) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Section 6(c) hereof that the Final Official Statement is no longer required to be delivered under the Rule or (ii) 90 days after the Closing, any event occurs with respect to the Issuer as a result of which the Preliminary Official Statement or the Final Official Statement as then amended or supplemented might

include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Underwriter in writing of such event. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Preliminary Official Statement or Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Issuer has duly adopted the Resolution and has duly authorized all actions required to be taken by it for (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Indenture; (ii) the execution, delivery and due performance of this Purchase Agreement, the Bonds, the Indenture and the Agreement; and (iii) the delivery of the Preliminary and Final Official Statements, and any and all such other agreements and documents as may be required to be executed, delivered, or performed by the Issuer in order to carry out, give effect to and consummate the transactions contemplated on its part hereby and by each of the aforesaid documents.

(f) Except as may be described in the Preliminary and Final Official Statements, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer (or, to the knowledge of the Issuer, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Issuer from functioning or contesting or questioning the existence of the Issuer or the titles of the present officers of the Issuer to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the existence or powers of the Issuer or the validity or enforceability of the Bonds, the Indenture, the Agreement, the this Purchase Agreement or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby including, without limitation, the Issuer Documents or by the aforesaid documents; or (B) materially adversely affect (i) the transactions contemplated by the Issuer Documents; or (ii) the exclusion of the interest on the Bonds from federal income taxation.

(g) The adoption by the Issuer of the Resolution and the execution and delivery by the Issuer of this Purchase Agreement, the Bonds, the Indenture, the Agreement and the other documents contemplated hereby and by the Preliminary and Final Official Statements, and the compliance with the provisions thereof, will not conflict with or constitute on the part of the Issuer a violation of, breach of or default under (i) any constitutional provision, statute, indenture, mortgage, lease, resolution, note, agreement or other agreement or instrument to which the Issuer is

a party or by which the Issuer is bound; or (ii) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its properties.

(h) The Issuer is not in breach of or in default under the Resolution, the Indenture, the Agreement, any applicable law or administrative regulation of the State of Florida or the United States of America, or any applicable judgment or decree, or any loan agreement, note, resolution or other agreement or instrument to which the Issuer is a party or is otherwise subject, which breach or default would in any way materially adversely affect the authorization or issuance of the Bonds and the transactions contemplated hereby, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default.

(i) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Issuer in connection with the issuance and sale of the Bonds, the execution and delivery of this Purchase Agreement, and the consummation of the transactions contemplated by this Purchase Agreement, the Resolution, the Indenture, the Agreement, and the Preliminary and Final Official Statements have been duly obtained and remain in full force and effect, except that no representation is made as to compliance with any applicable state securities or "Blue Sky" laws.

(j) Neither the Issuer nor anyone acting on its behalf has, directly or indirectly, offered the Bonds or any similar securities of the Issuer relating in any way to any related project or facility or to the Obligor for sale to, or solicited any offer to buy the same from, anyone other than the Underwriter.

(k) The Preliminary and Final Official Statements have been duly authorized by the Issuer, and the Issuer has consented to the use of the Preliminary and Final Official Statements by the Underwriter in connection with the offering of the Bonds.

(l) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the Issuer’s knowledge, threatened to issue, any order preventing or suspending the use of the Preliminary Official Statement or of the Final Official Statement.

(m) Any certificate signed by an authorized officer of the Issuer delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

(n) The Issuer, as a conduit issuer, issues its bonds as limited obligations of the Issuer, payable solely from payments to be made by the respective non-

governmental entities which use or own the projects financed. Some bonds issued by the Issuer may have been, and may continue to be, in default, but to the best knowledge of the Issuer, the borrowers under the related loan or lease agreements are unrelated to the Obligor and other Members of the Obligated Group, if any. To the best knowledge of the Issuer, the Issuer has not been in default as to principal or interest at any time after December 31, 1975, as to any debt obligations relating to the Obligor or any other member of the Obligated Group.

(o) This Purchase Agreement, the Indenture and the Agreement are in the forms approved by the Issuer and upon the execution and delivery thereof by the Issuer and the other parties thereto, each will constitute the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms (subject in each case to principles of equity, regardless of whether proceedings for enforcement be of a legal or equitable nature, and to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect).

(p) The Bonds will be duly authorized, executed, authenticated, issued and delivered and will constitute legal, valid and binding obligations of the Issuer and are entitled to the benefits and security of the Indenture (subject to principles of equity, regardless of whether proceedings for enforcement be of a legal or equitable nature, and any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect).

(q) The Bonds will be limited obligations of the Issuer, payable from and secured by the Trust Estate, including the moneys derived by the Issuer from the Obligor pursuant to the Agreement, and will not constitute an obligation or debt of the Issuer, or the State of Florida, or any political subdivision thereof, and neither the faith nor credit of the Issuer, or the State of Florida, or any political subdivision thereof, is pledged to the payment of the Bonds.

(r) The Issuer has not been advised by the Commissioner, any District Director, or any other official of the Internal Revenue Service that certifications by the Issuer with respect to arbitrage may not be relied upon.

(s) The Issuer has and will cooperate with any reasonable request of the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States of America as the Underwriter may request; provided, however, that the Issuer will not be required to pay any expenses or costs (including but not limited to legal fees) incurred in connection with such qualification or to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any state or other jurisdictions of the United States.

10. Representations, Warranties and Covenants of the Obligated Group. In order to induce the Underwriter and the Issuer to enter into this Purchase Agreement and in order to induce the Issuer to enter into the Agreement and this Purchase Agreement, the Obligated Group Representative, on behalf of itself and the Members of the Obligated Group, represents, warrants and covenants to the Underwriter and the Issuer as follows:

(a) The Obligor is a not-for-profit corporation and Future Landings is a limited liability company, each duly organized, validly existing and in good standing under the laws of the State of Florida and each is qualified to transact business as a corporation/company in good standing under the laws of the State of Florida.

(b) Each Member of the Obligated Group is authorized under the laws of the State of Florida to carry out and consummate all of the transactions contemplated on its part by this Purchase Agreement, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the "Continuing Disclosure Certificate") from the Obligor, the Construction Disbursement and Monitoring Agreement, dated as of December 1, 2018, between the Obligor and _____ (the "Disbursement Agreement"), the Collateral Assignment of Contracts, dated as of December 1, 2018, from the Obligor to the Bond Trustee (the "Assignment"), the Mortgage, the Preliminary Official Statement and the Final Official Statement (collectively, the "Obligor Documents").

(c) The Obligor has been determined to be and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") by virtue of being an organization described in Section 501(c)(3) of the Code, is not a "private foundation" as defined in Section 509(a) of the Code and is exempt from federal income taxation under Section 501(a) of the Code, with the exception of any taxation deemed to be unrelated business taxable income and with the exception of any amounts deemed taxable by virtue of Section 527(f) of the Code. The Obligor (i) has not impaired its status as an organization exempt from federal income taxes under the Code, (ii) is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain such status, (iii) is organized and operated exclusively for charitable, educational or benevolent purposes and not for pecuniary profit, and (iv) is organized and operated such that no part of the net earnings of the Obligor will inure to the benefit of any private shareholder or individual.

(d) Future Landings has been determined to be and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”) by virtue of being a disregarded entity whose sole member is an organization described in Section 501(c)(3) of the Code, is not a “private foundation” as defined in Section 509(a) of the Code and is exempt from federal

income taxation under Section 501(a) of the Code, with the exception of any taxation deemed to be unrelated business taxable income and with the exception of any amounts deemed taxable by virtue of Section 527(f) of the Code.

(e) The Obligor (i) agrees to file annual returns of an exempt organization on Form 990 for each fiscal year as required by law; and (ii) is not currently and does not expect to be the subject of any claim by the IRS that its operations or activities constitute a trade or business that, within the meaning of Section 513 of the Code, is unrelated to senior living and health care purposes for which the Obligor is organized and operated.

(e) Each Member of the Obligated Group has all necessary corporate power and authority (i) to conduct its business and operate all of its properties and facilities, including the Community; (ii) to execute and deliver the Obligor Documents and to perform its obligations under the Obligor Documents; and (iii) to carry out and consummate all the transactions contemplated on its part by the Obligor Documents.

(f) The information relating to the Obligated Group and its properties contained in the Preliminary Official Statement is, and as of the date of closing such information in the Final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not and the Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the Obligated Group or omit to state any material fact relating to the Obligated Group necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Each Member of the Obligated Group has duly authorized all actions required to be taken by it for the execution and delivery of the Obligor Documents, and due performance of the Obligor Documents.

(h) The Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Continuing Disclosure Certificate, the Disbursement Agreement, the Assignment, the Mortgage and this Purchase Agreement are in the forms approved or otherwise authorized by the Obligor and upon the execution and delivery thereof, each will constitute the valid and legally binding obligation of the Obligated Group, enforceable in accordance with its terms (subject in each case to usual principles of equity and to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect).

(i) The Obligor will apply the moneys loaned by the Issuer from the proceeds of the sale of the Bonds as specified in the Indenture, the Agreement, the Preliminary and Final Official Statements and this Purchase Agreement.

(j) Except as described in the Preliminary and Final Official Statements, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending (as to which any Member of the Obligated Group has received notice or service of process) or, to the knowledge of the Obligor, threatened against or affecting any Obligated Group Member (or, to the knowledge of the Obligor, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent any Obligated Group Member from functioning, or contesting or questioning the existence of any Obligated Group Member or the titles of the current officers of any of the Obligated Group Members to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely affect (A) the existence or powers of the Obligated Group Members; (B) the financial position of the Obligated Group Members; (C) the tax-exempt status of the Obligated Group Members under Sections 501(a) and 501(c)(3) of the Code; (D) the transactions contemplated hereby or by the documents referred to in (E) immediately below; (E) the validity or enforceability of the Bonds, the Indenture, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, this Purchase Agreement, the Continuing Disclosure Certificate, the Disbursement Agreement, the Assignment, the Mortgage or any agreement or instrument to which any of the Obligated Group Members is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents; or (F) the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation.

(k) The execution and delivery by the Obligated Group of this Purchase Agreement, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Mortgage, the Continuing Disclosure Certificate and the other documents contemplated hereby and by the Preliminary and Final Official Statements, and the compliance by the Obligated Group with the provisions thereof, do not conflict with or constitute on the part of the Obligated Group a violation of, breach of or default under (i) its Articles of Incorporation, Bylaws or any other governing instruments; (ii) any constitutional provision, statute, indenture, mortgage, lease, resolution, note, agreement or other agreement or instrument to which it is a party or by which it is bound; or (iii) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Obligated Group or any of its properties. All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Obligated Group in connection with the issuance and sale of the Bonds, the execution and delivery of this Purchase Agreement, and the consummation of the transactions contemplated by this Purchase Agreement, the Indenture, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Disbursement Agreement, the Assignment, the Mortgage, the Continuing Disclosure Certificate and the Preliminary and Final Official Statements have been duly obtained and remain in full force and effect,

except that no representation is made as to compliance with any applicable state securities or "Blue Sky" laws.

(l) No Member of the Obligated Group nor anyone acting on their behalf has, directly or indirectly, offered the Bonds for sale to, or solicited any offer to buy the same from, anyone other than the Underwriter.

(m) The Preliminary and Final Official Statements have been duly authorized by the Obligated Group, and the Obligated Group has consented to the use of the Preliminary and Final Official Statements by the Underwriter in connection with the offering of the Bonds.

(n) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the knowledge of the Obligor, threatened to issue, any order against any Member of the Obligated Group preventing or suspending the use of the Preliminary Official Statement or the Final Official Statement or otherwise seeking to enjoin the offer or sale of the Bonds.

(o) Any certificate signed by an authorized officer of the Obligated Group and delivered to the Issuer or the Underwriter shall be deemed a representation and warranty by the Obligated Group to the Issuer or the Underwriter as to the statements made therein.

(p) The Members of the Obligated Group have never defaulted in the payment of principal of or interest on any of its bonds, notes or other securities.

(q) The Obligated Group has and will cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States of America as the Underwriter may request; provided, however, that Members of the Obligated Group will not be required to qualify as a foreign corporation or file any special or general consents to service of process under the laws of any state.

11. Closing. By no later than 11:00 A.M., Eastern Daylight Time, on December __, 2018 (the "Closing Date"), the Issuer will deliver, or cause to be delivered, to or upon the order of the Underwriter, the Bonds, in definitive form, duly executed and authenticated, together with the other documents required in Section 12 hereof, and the Underwriter will accept such delivery and pay the purchase price of the Bonds. Payment for the Bonds shall be made in immediately available funds by check or by bank wire transfer payable to the order of the Bond Trustee on behalf of the Issuer.

The closing of the sale of the Bonds as aforesaid (the "Closing") shall be held at the offices of Foley & Lardner LLP, Jacksonville, Florida, except that physical delivery of the Bonds shall be made to the Bond Trustee as agent for The Depository Trust Company, for

the account of the Underwriter. Unless otherwise requested by the Underwriter at or prior to the Closing, the Bonds will be delivered at the Closing in fully registered form, registered to Cede & Co., and in the form of one certificate for each maturity of the Bonds.

12. Closing Conditions. The obligations of the Underwriter hereunder shall be subject (i) to the performance by the Issuer and the Obligor of their respective obligations to be performed hereunder at and prior to the Closing or such earlier time as may be specified herein; (ii) to the accuracy of each of the representations and warranties of the Issuer and the Obligor contained herein as of the date hereof and as of the time of the Closing, as if made at and as of the time of the Closing; and (iii) to the following conditions, including the delivery by the Issuer and the Obligor of such documents as are contemplated hereby in form and substance satisfactory to the Underwriter and its counsel:

(a) At the time of the Closing (i) the Final Official Statement, the Indenture, the Agreement, the Master Indenture, the 2018 Notes, the Continuing Disclosure Certificate, the Supplement, the Disbursement Agreement, the Assignment and the Mortgage shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter; (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions, including the Resolution as, in the reasonable opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received the following documents:

(i) The approving opinion of Bond Counsel, dated the date of the Closing and in a form reasonably acceptable to the Underwriter and its counsel.

(ii) The supplemental opinion of Bond Counsel, dated the date of the Closing and in a form reasonably acceptable to the Underwriter and its counsel.

(iii) An opinion of counsel to the Obligated Group, dated the date of the Closing and in a form reasonably acceptable to the Underwriter, its counsel and Bond Counsel.

(iv) An opinion of Counsel to the Issuer, dated the date of the Closing, and in a form reasonably acceptable to the Underwriter, its counsel and Bond Counsel.

(v) A certificate of the Issuer, dated the date of Closing, signed by an authorized officer of the Issuer in form and substance reasonably

satisfactory to the Underwriter, its counsel and Bond Counsel, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects as of the Closing and that the Issuer has performed its obligations under this Purchase Agreement.

(vi) A certificate of the Obligated Group, dated the Closing Date, signed by an authorized officer of the Obligated Group in form and substance reasonably satisfactory to the Underwriter, its counsel and Bond Counsel, to the effect that the representations and warranties of the Obligated Group contained herein are true and correct in all material respects as of the Closing and that the Obligated Group has performed its obligations under this Purchase Agreement.

(vii) The Preliminary and Final Official Statements duly executed, as applicable, by the Obligated Group by duly authorized officers together with evidence of the consent by Moore Stephens Lovelace, P.A. to the inclusion of their report in Appendix B to the Preliminary and Final Official Statements.

(viii) Executed counterparts of the Indenture, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Continuing Disclosure Certificate, the Disbursement Agreement, the Assignment and the Mortgage, together with due evidence of the recording of any Uniform Commercial Code financing statements required with respect thereto.

(ix) Certified copy of the Resolution, authorizing the issuance, sale, execution and delivery of the Bonds and the execution, delivery and performance of the Indenture, the Agreement and this Purchase Agreement, and authorizing the use of the Preliminary and Final Official Statements by the Underwriter in connection with the offering of the Bonds.

(x) Certified copy of resolutions of the Obligated Group authorizing the execution, delivery and performance of the Obligor Documents, and authorizing the use of the Preliminary and Final Official Statements by the Underwriter in connection with the offering of the Bonds.

(xi) Specimens of the Bonds and the 2018 Notes.

(xii) Evidence of maintenance of insurance required by the Master Indenture.

(xiii) A letter from Moore Stephens Lovelace, P.A., dated the Closing Date, addressed to the Issuer and the Underwriter, to the effect that such accountants reaffirm, as of a date not more than three business days

before the Closing, the statements made and the consents given in the letters furnished by such accountants pursuant to Sections 8 and 12(b)(vii) hereof.

(xiv) Copies of the (A) Articles of Incorporation of the Obligor and Articles of Organization of Future Landing, each certified as of a recent date by the Secretary of State of Florida and (B) Bylaws of the Obligor and the Operating Agreement of Future Landing, together with a certificate of an officer of the Obligated Group that such Articles of Incorporation/Organization and Bylaws/Operating Agreement have not been amended, modified, revoked or rescinded and are in full force and effect as of the Closing Date.

(xv) Certificates of the Secretary of State of the State of Florida with respect to the good standing of the Obligated Group Members.

(xvi) Internal Revenue Service Form 8038, signed by an authorized officer of the Issuer.

(xvii) Evidence that Form BF2003/2004 has been executed by the Issuer, to be filed with the Florida Division of Bond Finance.

(xviii) Evidence satisfactory to Bond Counsel and counsel to the Underwriter that the Obligor is an organization described in Section 501(c)(3) of the Code and is not a private foundation as described in Section 509(a) of the Code.

(xix) Evidence of the Issuer's public hearing and approval relating thereto as required by Section 147(f) of the Code.

(xx) The certificates and opinions required by the Master Indenture for the issuance thereunder of the 2018 Notes.

(xxi) One executed copy of the Tax Regulatory Agreement dated the date of closing, between the Obligor and the Issuer.

(xxii) One signed copy of a request and authorization to the Bond Trustee to authenticate and deliver the Bonds.

(xxiii) Fitch Rating Letter.

(xxiv) A copy of the Feasibility Study of Dixon Hughes Goodman, LLP with respect to the Project.

(xxv) Consent letter of Dixon Hughes Goodman, LLP for inclusion of the Feasibility Study in the Preliminary Official Statement and the Final Official Statement.

(xxiv) Such additional legal opinions, certificates, proceedings, instruments and other documents as counsel for the Underwriter may reasonably request to evidence compliance by the Issuer and the Obligor with the legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer and the Obligor herein contained and the due performance or satisfaction by the Issuer and the Obligor, at or prior to the Closing, of all agreements then required to be performed and all conditions then required to be satisfied by the Issuer and the Obligor at the Closing.

13. Conditions to Obligations of the Underwriter. The Underwriter shall have the right to cancel its obligations to purchase and accept delivery of the Bonds hereunder by notifying the Issuer and the Obligor, in writing, of its election to do so between the date hereof and the Closing if, on or after the date hereof and prior to the Closing:

(a) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by a committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the IRS or other governmental agency shall be made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the Obligor or the Issuer or by any similar body, or upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including but not limited to any challenge of the Obligor as to its status as an organization described in Sections 501(a) and 501(c)(3) of the Code, that, in the reasonable opinion of the Underwriter, materially and adversely affects the market price of the Bonds or the market price generally of obligations of the general character of the Bonds; or

(b) any legislation, ordinance or regulation shall be enacted or be actively considered for enactment by the Issuer, any governmental body, department or agency of the State of Florida or a decision by any court of competent jurisdiction within the State of Florida shall be rendered that, in the reasonable opinion of the Underwriter, materially and adversely affects the market price of the Bonds; or

(c) any action shall have been taken by the Securities and Exchange Commission that would require the registration of the Bonds under the Securities Act of 1933, as amended (the "1933 Act"), or the qualification of the Resolution, the Indenture or the Master Indenture under the Trust Indenture Act of 1939, as amended (the "TIA"); or

(d) any event shall have occurred or shall exist that, in the opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Preliminary and Final Official Statements, or (ii) is not reflected in the Preliminary and Final Official Statements and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, and the Issuer and the Obligor shall not agree to supplement the Preliminary and Final Official Statements to correct the same; or

(e) there shall have occurred any outbreak of, or escalation in, hostilities or other national or international calamity or crisis or a financial crisis, including, but not limited to, (i) the United States engaging in hostilities or (ii) a declaration of war or a national emergency by the United States (including acts of terrorism) on or after the date hereof which, in the sole opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds (it being understood that no such situation exists on the date hereof); or

(f) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal, Florida or New York authorities; or

(g) there shall have occurred any change in the financial condition or affairs of the Obligor, the effect of which, in the sole judgment of the Underwriter, is so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the Preliminary and Final Official Statements; or

(h) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer or the Obligor taken with respect to the issuance and sale thereof;

(i) Fitch shall withdraw or lower its rating.

14. Termination. If the Issuer or the Obligor is unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate at the option of the Underwriter and neither the Underwriter nor the Issuer nor the Obligor shall be under further obligation hereunder; except that the respective obligations to indemnify and pay expenses, as provided in Sections 15 and 18 hereof, shall continue in full force and effect.

15. Indemnification. (a) To the fullest extent permitted by applicable law, the Obligor agrees to indemnify and hold harmless the Underwriter, the Issuer or the other persons described in subsection (b) below against any and all losses, damages, expenses (including reasonable legal and other fees and expenses), liabilities or claims (or actions in respect thereof), (i) to which the Underwriter, the Issuer or the other persons described in subsection (b) below may become subject under any federal or state securities laws or other statutory law or at common law or otherwise, caused by or arising out of or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Preliminary and Final Official Statements and not furnished by the indemnified party (it being understood and agreed that the Issuer is solely responsible for the information contained under the captions "THE ISSUER" and "LITIGATION—Issuer") or in the information furnished by the Obligor, directly or indirectly or caused by any omission or alleged omission of information regarding the Obligor from the Preliminary and Final Official Statements and (ii) to which the parties indemnified hereunder or any of them may become subject under the 1933 Act, the 1934 Act, the TIA, the rules or regulations under said Acts, insofar as such losses, claims, damages, expenses, actions or liabilities arise out of or are based upon the failure to register the Bonds or any security therefor under the 1933 Act or to qualify the Indenture or the Master Indenture under the TIA; provided, however, that with respect to (i) above, the Obligor shall not be required to indemnify or hold harmless the Issuer with respect to statements in the Preliminary and Final Official Statements under the captions "THE ISSUER" and "LITIGATION—Issuer" and with respect to (ii) above, the Obligor shall not be required to indemnify or hold harmless the Issuer or the Underwriter with respect to willful misconduct of the Issuer or the negligence or willful misconduct of the Underwriter, respectively.

(b) The indemnity provided under this Section 15 shall extend upon the same terms and conditions to each officer, director, employee, agent or attorney of the Underwriter or the Issuer, and each person, if any, who controls the Underwriter or the Issuer within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act. Such indemnity shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred by any indemnified party in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of any such

loss, damage, expense, liability or claim (or action in respect thereof), whether or not resulting in any liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the Obligor.

(c) Within a reasonable time after an indemnified party under paragraphs (a) and (b) of this Section 15 shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed, such indemnified party shall, if a claim for indemnity in respect thereof is to be made against the Obligor under this Section 15, notify the Obligor in writing of the commencement thereof; but the omission to so notify the Obligor shall not relieve it from any liability that it may have to any indemnified party other than pursuant to paragraphs (a) and (b) of this Section 15. The Obligor shall be entitled to participate at its own expense in the defense, and if the Obligor so elects within a reasonable time after receipt of such notice, or all indemnified parties seeking indemnification in such notice so direct in writing, the Obligor shall assume the defense of any suit brought to enforce any such claim, and in either such case, such defense shall be conducted by counsel chosen promptly by the Obligor and reasonably satisfactory to the indemnified party; provided however, that, if the defendants in any such action include such an indemnified party and the Obligor, or include more than one indemnified party and any such indemnified party shall have been advised by its counsel that there may be legal defenses available to such indemnified party that are different from or additional to those available to the Obligor or another defendant indemnified party, and that in the reasonable opinion of such counsel are sufficient to make it undesirable for the same counsel to represent such indemnified party and the Obligor, or another defendant indemnified party, such indemnified party shall have the right to employ separate counsel (who are reasonably acceptable to the Obligor) in such action, and in such event the reasonable fees and expenses of such counsel shall be borne by the Obligor. Nothing contained in this paragraph (c) shall preclude any indemnified party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the hereunder.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 15 is unavailable or insufficient to hold harmless and indemnify any indemnified party in respect of any losses, damages, expenses, liabilities, or claims (or actions in respect thereof) referred to therein, then the Obligor, on the one hand, and the Underwriter, on the other hand, shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, expenses, actions or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Obligor on the one hand and the Underwriter on the other hand from the offering of the Bonds. If, however, the allocation provided

by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subsection (c) above, the Obligor on the one hand and the Underwriter on the other hand shall contribute to such amount paid or payable by the indemnified party in such proportion as is appropriate to effect not only such relative benefits but also the relative fault of the Obligor on the one hand and the Underwriter on the other in connection with the statements or omissions that resulted in such losses, claims, damages, expenses, actions or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Obligor on the one hand and the Underwriter on the other hand shall be deemed to be in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the underwriting discount payable to the Underwriter hereunder (i.e., the excess of the aggregate public offering price for the Bonds as set forth on the inside cover page of the Final Official Statement over the price to be paid by the Underwriter to the Issuer upon delivery of the Bonds as specified in Section 1 hereof) bears to the aggregate public offering price as described above, and the Obligor is responsible for the balance. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Obligor on the one hand or the Underwriter on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Obligor and the Underwriter agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, damages, expenses, liabilities, claims or actions referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

16. Survival of Indemnity. The indemnity and contribution provided by Section 15 hereof shall be in addition to any other liability that the Obligor may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Underwriter, the Issuer and each director, officer, employee, agent, attorney and controlling person referred to therein, and their respective successors, assigns and legal representatives, and no other person acquire or have any right under or by virtue of such provisions of this Purchase Agreement. The indemnity and contribution provided by Section 15 hereof shall survive the termination or performance of this Purchase Agreement.

17. Survival of Representations. All representations, warranties and agreements of the Obligor set forth in or made pursuant to this Purchase Agreement shall remain

operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

18. Payment of Expenses. If the Bonds are sold to the Underwriter by the Issuer, the Obligor shall pay, out of the proceeds of the Bonds or from their own funds, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Purchase Agreement, the Indenture, the Agreement, the Master Indenture, the 2018 Notes, the Supplement, the Continuing Disclosure Certificate, the Disbursement Agreement, the Assignment, the Mortgage, the Preliminary Official Statement, the Final Official Statement, Blue Sky Memoranda, and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby; (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Bonds; (iii) the fees and disbursements of Bond Counsel, financial advisor to the Issuer, counsel for the Issuer, counsel for the Obligated Group, counsel for the Bond Trustee and the Master Trustee, counsel for the Underwriter, accountants, and any other experts retained by the Obligated Group; (iv) the acceptance fees of the Bond Trustee and Master Trustee; (v) the cost of transportation and lodging for officials and representatives of the Issuer and the Obligated Group in connection with attending meetings and the Closing; and (vi) the cost of qualifying the Bonds under the laws of such jurisdictions as the Underwriter may designate, including filing fees and fees and disbursements of counsel for the Underwriter in connection with such qualification and the preparation of Blue Sky Memoranda.

The Obligor shall also pay any expenses incident to the performance of its obligations hereunder and, if the Bonds are not sold by the Issuer to the Underwriter, the Obligor shall pay all expenses incident to the performance of the Issuer's obligations hereunder as provided above.

The Underwriter shall pay (i) the cost of preparing and publishing all advertisements approved by it relating to the Bonds upon commencement of the offering of the Bonds; (ii) the cost of the transportation and lodging for officials and representatives of the Underwriter to attend meetings and the Closing; (iii) any fees of the Municipal Securities Rulemaking Board in connection with the issuance of the Bonds; and (iv) the cost of obtaining a CUSIP number assignment for the Bonds.

19. Benefit of the Agreement. This Purchase Agreement shall inure to the benefit of and be binding upon the Issuer, the Obligated Group and the Underwriter and their respective successors and assigns. Nothing in this Purchase Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 15 hereof, and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Purchase Agreement or any provision herein contained. This Purchase Agreement and all

conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 15 hereof, and their respective successors, assigns and legal representatives, and for the benefit of no other person, firm or corporation. No Underwriter who purchases the Bonds from the Underwriter or other person or entity shall be deemed to be a successor merely by reason of such purchase.

20. Notices. Any notice or other communication to be given to the Issuer or the Obligor under this Purchase Agreement may be given by delivering the same in writing or by telex or telecopy to the address shown below, and any notice under this Purchase Agreement to the Underwriter may be given by delivering the same in writing to the Underwriter, as follows:

To the Issuer:	City of Atlantic Beach, Florida 800 Seminole Road Atlantic Beach, Florida 32233 Attention: City Manager
To the Obligor:	Naval Continuing Care Retirement Foundation 1 Fleet Landing Boulevard Atlantic Beach, Florida 32233 Attn: Chief Executive Officer
To the Underwriter:	B.C. Ziegler and Company One North Wacker Drive, Suite 2000 Chicago, IL 60606 Attn: Daniel J. Hermann
together with a copy to:	Nabors, Giblin & Nickerson, P.A. 2502 Rocky Point Drive Tampa, FL 33607 Attn: John R. Stokes, Esq.

21. Waiver and Release of Personal Liability. No recourse under or upon any obligation, indemnity, covenant or agreement contained in this Purchase Agreement or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Purchase Agreement, shall be had against any trustee, director, member, commissioner, officer, employee or agent, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or to the Underwriter or otherwise of any amount that may become owed by the Obligor hereunder. Any and all personal liability of every nature, whether at common law or in equity, or by statute or constitution

or otherwise, of any trustee, director, member, commissioner, officer, employee or agent, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, the Underwriter or otherwise, of any amount that may become owed by the Issuer hereunder is hereby expressly waived and released as a condition of and in consideration for the execution of this Purchase Agreement.

22. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

23. Effective Time of this Agreement. This Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and the Obligor.

24. Severability. If any provisions of this Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Purchase Agreement contained, shall not affect the remaining portions of this Purchase Agreement, or any part thereof.

[Signature pages follow]

25. Execution in Counterparts. This Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Very truly yours,

B.C. ZIEGLER AND COMPANY,
as Underwriter

By:_____
Richard Scanlon, Managing Director

[Signature Page to Bond Purchase Agreement.]

Accepted and agreed to as
of the date first above written:

CITY OF ATLANTIC BEACH, FLORIDA, as Issuer

By:_____
Mayor

[Signature Page to Bond Purchase Agreement.]

Accepted and agreed to as of the date first above written:

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC., on behalf of itself and as Obligated Group Representative

By:_____
Chief Executive Officer

[Signature Page to Bond Purchase Agreement.]

EXHIBIT A

The Series 2018A Bonds

Dated: Date of Delivery **Due: As shown below**

The Series 2018A Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018A Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018A Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____ Serial Bonds

Maturity Date (November 15)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	

$_____, _____% Series 2018A Term Bonds due November 15, 20___;
Priced at _____; Yield _____%

$_____, _____% Series 2018A Term Bonds due November 15, 20___;
Priced at _____; Yield _____%

$_____, _____% Series 2018A Term Bonds due November 15, 20___;
Priced at _____; Yield _____%

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* Price calculated to first optional call date of _____ 15, 20__.

The Series 2018B-1 Bonds

Dated: Date of Delivery **Due: As shown below**

The Series 2018B-1 Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018B-1 Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018B-1 Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____, _____% Series 2018B-1 Term Bonds due November 15, 20___;
Priced at _____; Yield _____%

The Series 2018B-2 Bonds

Dated: Date of Delivery **Due: As shown below**

The Series 2018B-2 Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018B-2 Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018B-2 Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____, _____% Series 2018B-2 Term Bonds due November 15, 20___;
Priced at _____; Yield _____%

EXHIBIT B

Mandatory Sinking Fund and Optional Redemption of the Bonds

Mandatory Sinking Fund Redemption of Series 2018A Bonds. The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
		*	

*Maturity.

The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
		*	

*Maturity.

The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
			*

*Maturity.

Optional Redemption of Series 2018A Bonds. The Series 2018A Bonds are subject to optional redemption prior to maturity by the Issuer, at the written direction of the Obligor, on or after _____ 15, 20__, at any time as a whole or in part by lot (subject to the requirements of the Bond Indenture with respect to partial redemptions), at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the redemption date:

Redemption Period (Dates Inclusive)	Redemption Price
_____, 20__ through _____, 20__	%
_____, 20__ through _____, 20__	
_____, 20__ and thereafter	

Optional Redemption of Series 2018B Bonds. The Series 2018B Bonds are callable for redemption prior to maturity by the Issuer upon the written direction of the Obligor, on or after _____, 20__, at any time as a whole or in part by lot (subject to the requirements of the Bond Indenture with respect to partial redemptions). The redemption price for any such redemption shall be equal to the principal amount of the Series 2018B Bonds to be redeemed on the redemption date, plus accrued interest to the redemption date, without premium.

EXHIBIT C

Form of Issue Price Certificate

$_____	**$_____**
CITY OF ATLANTIC BEACH, FLORIDA Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A	**CITY OF ATLANTIC BEACH, FLORIDA Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B**

The undersigned, on behalf of B.C. Ziegler and Company ("Ziegler") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, the "Bonds").

[Select appropriate provisions below:**]**

1. **[***Alternative 1*[1] *– All Maturities Use General Rule:* Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule C-I.**]** **[***Alternative 2*[2] *– Select Maturities Use General Rule:* Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule C-I.**]**

2. Initial Offering Price of the **[**Bonds**][**Hold-the-Offering-Price Maturities**]**. (a) **[***Alternative 1*[3] *– All Maturities Use Hold-the-Offering-Price Rule:* Ziegler offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule C-I (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C-II**]** **[***Alternative 2*[4] *– Select Maturities Use Hold-the-Offering-Price Rule:* Ziegler offered the Hold-the-Offering-Price Maturities to the Public for purchase at the

[1] If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

[2] If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

[3] If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

[4] Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

respective initial offering prices listed in Schedule C-I (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C-II.**]**

(b) **[***Alternative 1 – All Maturities use Hold-the-Offering-Price Rule:* As set forth in the Bond Purchase Agreement, dated November __, 2018 among Ziegler, the Issuer and the Borrower, Ziegler has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. ***[****Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:* As set forth in the Bond Purchase Agreement, dated November __, 2018 among Ziegler, the Issuer and the Borrower, Ziegler has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms. (a) "*Borrower*" means Naval Continuing Care Retirement Foundation, Inc., a Florida not-for-profit corporation, on behalf of itself and as Obligated Group Representative on behalf of Future Landing, LLC.

[(b)"*General Rule Maturities*" means those Maturities of the Bonds listed in Schedule II hereto as the "General Rule Maturities."**]**

[(c) "*Hold-the-Offering-Price Maturities*" means those Maturities of the Bonds listed in Schedule II hereto as the "Hold-the-Offering-Price Maturities."**]**

[(d) "*Holding Period*" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2018), or (ii) the date on which Ziegler has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.**]**

(e) "*Issuer*" means the City of Atlantic Beach, Florida.

(f) "*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(g) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(h) "*Sale Date*" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November __, 2018.

(i) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents B.C. Ziegler and Company's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Regulatory Agreement, dated December __, 2018, among the Borrower, the Issuer and U.S. Bank National Association, as bond trustee, with respect to the Bonds, and with respect to compliance with the federal income tax rules affecting the Bonds, and by Foley & Lardner, LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer and the Borrower from time to time relating to the Bonds.

[SIGNATURE PAGE TO FOLLOW]

B.C. ZIEGLER AND COMPANY

By:_____
Managing Director

Dated: December __, 2018

[Signature Page to Issue Price Certificate]

SCHEDULE C-I

Sale Prices of The General Rule Maturities And Initial Offering Prices Of The Hold-The-Offering-Price Maturities

(*Attached*)

EXHIBIT D

Underwriter's Disclosure and Truth-In-Bonding Statement

November __, 2018

The City of Atlantic Beach, Florida
Atlantic Beach, Florida

Re: $_____ City of Atlantic Beach, Florida Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018

Ladies and Gentlemen:

In connection with the proposed issuance by City of Atlantic Beach, Florida (the "Issuer") of its $_____ aggregate principal amount of Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018A and $_____ aggregate principal amount of Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2018B (collectively, the "Bonds"), B.C. Ziegler and Company (the "Underwriter") is underwriting a public offering of the Bonds.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385, Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

1. The nature and estimated amount of expenses to be incurred by the Underwriter in connection with the purchase and offering of the Bonds are set forth in Schedule D-I attached hereto.

2. No person has entered into an understanding with the Underwriter, or to the knowledge of the Underwriter, with the Issuer for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Underwriter or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

3. The underwriting spread (the difference between the price at which the Bonds will be initially offered to the public by the Underwriter and the purchase price to be paid to the Issuer for the Bonds, exclusive of accrued interest, if any) will be $_____ per $1,000 of Bonds issued.

4. As part of the estimated underwriting spread set forth in paragraph (3) above, the Underwriter will charge a management fee of $_____ per $1,000 of Bonds issued.

5. No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Bonds to any person not regularly

employed or retained by the Underwriter (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred by the Underwriter, as set forth in paragraph (1) above.

6. The name and address of the Underwriter is:

B.C. Ziegler and Company
200 South Wacker Drive
Suite 2000
Chicago, IL 60606
Attention: Daniel J. Herman, Managing Director

We understand that you do not require any further disclosure from the Underwriter pursuant to Section 218.385(6), Florida Statutes, as amended.

TRUTH-IN-BONDING STATEMENT

The Issuer is proposing to issue the Bonds for the purpose of funding a loan to the Obligor to (i) finance and refinance (including reimbursement) the cost of acquisition, construction, installation and equipping of certain capital improvements to senior living facilities of Naval Continuing Care Retirement Foundation, Inc. (the "Obligor"), (ii) refund certain outstanding indebtedness of the Obligor, (iii) fund, for a period of approximately **[**22**]** months, interest on the Bonds, (iv) fund a debt service reserve fund for the Bonds, and (v) pay the cost of issuing the Bonds. The Bonds are expected to be repaid over a period of approximately __._ years. Assuming an average interest rate of _.____% for the Bonds, total interest paid over the life of the Bonds will be $_____.__.

The source of repayment or security for the Bonds consists of loan payments to be made the Obligor, as repayment for the loan of the proceeds of the Bonds, and certain other revenues and proceeds as provided in the Bond Indenture relating to the Bonds. Authorizing the Bonds will not result in any adverse change in the amount of Issuer moneys available to finance other services of the Issuer.

[Signature Page Follows]

The foregoing statements are intended to comply with Section 218.385(2) and (3), Florida Statutes, as amended, and shall not affect or control the actual terms and conditions of the Bonds.

Very truly yours,

B.C. ZIEGLER AND COMPANY

By: _____
Richard J. Scanlon, Managing Director

[Signature Page to Underwriter's Disclosure and Truth-In-Bonding Statement]

SCHEDULE D-I

Underwriter's Estimated Expenses

Conference calls and travel	$	$
Pershing Processing Fee		
Fed Funds - Day Loan		
DTC		
Ipreo		
Cusip		
DAC		
Miscellaneous		
TOTAL	$	$

* The fees and expenses of Counsel to the Underwriter in the amount of $_____ shall be paid directly by the Obligor.

EXHIBIT D

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2018

BOOK ENTRY ONLY **Fitch Rating: ____**
(See "RATING" herein)

In the opinion of Foley & Lardner LLP, Bond Counsel, assuming continuing compliance by the Issuers and the Borrower with certain covenants, under existing statutes, regulations and judicial decisions, interest on the 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 imposed on individuals and corporation; however, Bond Counsel notes that with respect to certain corporations, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax. Bond Counsel is further of the opinion that the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds. Prospective Bondholders should consult with their own financial advisors on the impact of federal and Florida law on their particular situations.

**$_____*
CITY OF ATLANTIC BEACH, FLORIDA
Health Care Facilities Revenue Bonds
(Fleet Landing Project),
Series 2018**

consisting of

$_____*	**$_____***	**$_____***
Series 2018A Bonds	**Series 2018B-1 Tax Exempt Mandatory Paydown Securities (TEMPS-85[SM])**	**Series 2018B-2 Tax Exempt Mandatory Paydown Securities (TEMPS-70[SM])**

**Dates, Interest Rates, Yields, Prices and Maturities
Are Shown on the Inside of the Front Cover**

The City of Atlantic Beach, Florida (the "Issuer") is issuing its Health Care Facilities Revenue Bonds (Fleet Landing Project) consisting of the above-captioned Series 2018A Bonds (the "Series 2018A Bonds"), Series 2018B-1 Bonds (Tax Exempt Mandatory Paydown Securities (TEMPS-85[SM])) (the "Series 2018B-1 Bonds") and Series 2018B-2 Bonds (Tax Exempt Mandatory Paydown Securities (TEMPS-70[SM])) (the "Series 2018B-2 Bonds," and together with the Series 2018A Bonds and the Series 2018B-1 Bonds, the "Bonds") under an Indenture of Trust, dated as of December 1, 2018 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as Bond Trustee (the "Bond Trustee"). The proceeds of the Bonds will be loaned to Naval Continuing Care Retirement Foundation, Inc., a Florida nonprofit corporation (the

"Obligor" or "Obligated Group Representative") pursuant to a Loan Agreement dated as of December 1, 2018 (the "Loan Agreement"), between the Issuer and the Obligor. The Obligor will use the proceeds of the Bonds, together with certain other moneys, to (i) finance and refinance (including reimbursement) the cost of acquisition, construction, installation and equipping of certain capital improvements to the Obligor's existing campus known as Fleet Landing in the City of Atlantic Beach, Florida, (as more fully described herein, the "Project"), (ii) refund certain outstanding indebtedness of the Obligated Group (as defined herein), (iii) fund, for a period of approximately **[**22**]** months, interest on the Bonds, (iv) fund a debt service reserve fund for the Bonds, and (v) pay costs associated with issuing the Bonds. See "PLAN OF FINANCE" 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 Obligor pursuant to the Loan Agreement, and the Series 2018 Notes (as defined herein) issued by the Obligor on behalf of itself and as the Obligated Group Representative on behalf of Future Landing, LLC, a Florida limited liability company, the sole member of which is the Obligor ("Future Landing" and together with the Obligor, the "Current Obligated Group") under a Master Trust Indenture, dated as of April 1, 2013, as amended and supplemented, and particularly as supplemented by Supplemental Indenture Number 7, dated as of December 1, 2018 (as supplemented, the "Master Indenture"), and each between U.S. Bank National Association, as Master Trustee, and the Obligor as Obligated Group Representative. The sources of payment of, and security for, the Bonds are more fully described in this Official Statement.

The Bonds are 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.

The Bonds when issued will be registered only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("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. 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 APPENDIX F - Book-Entry Only System.

An investment in the Bonds involves a certain degree of risk related to, among other things, the nature of the Obligated Group's business, the regulatory environment, and the provisions of the principal documents. A prospective Bondholder is advised to read "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 LIMITED OBLIGATIONS OF THE ISSUER. THE PRINCIPAL AND INTEREST ARE PAYABLE SOLELY OUT OF CERTAIN PAYMENTS UNDER THE LOAN AGREEMENT BETWEEN THE ISSUER AND THE OBLIGOR AND THE RELATED NOTE ISSUED UNDER THE MASTER INDENTURE AS DESCRIBED HEREIN, BY RECOURSE TO THE MORTGAGE AND FROM MONEYS PLEDGED UNDER THE BOND INDENTURE AS DESCRIBED HEREIN. THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF FLORIDA, DUVAL COUNTY, FLORIDA ("DUVAL COUNTY"), THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, DUVAL COUNTY, THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, DUVAL COUNTY OR ANY POLITICAL SUBDIVISION THEREOF.

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 the Underwriter subject to the approving opinion of Foley & Lardner LLP, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Alan C. Jensen, Attorney at Law, Jacksonville Beach, Florida; for the Obligated Group by its counsel, Foley & Lardner LLP, Jacksonville, Florida; and for the Underwriter by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida. It is expected that the Bonds will be available for delivery through the facilities of DTC, against payment therefor, on or about December __, 2018.

[INSERT ZIEGLER LOGO**]**

The date of this Official Statement is November __, 2018.

_____

*Preliminary, subject to change.

SM TEMPS-85 and TEMPS-70 are service marks of B.C. Ziegler and Company.

THE SERIES 2018A BONDS

Dated: Date of Delivery **Due: As shown below**

The Series 2018A Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018A Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018A Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____ Serial Bonds

Maturity Date (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.[†]
	$	%	%		

$_____, _____% Series 2018A Term Bonds due January 1, 20___; Priced at _____; Yield _____%; CUSIP No. _____[†]

$_____, _____% Series 2018A Term Bonds due January 1, 20___; Priced at _____; Yield _____%; CUSIP No. _____[†]

$_____, _____% Series 2018A Term Bonds due January 1, 20___; Priced at _____; Yield _____%; CUSIP No. _____[†]

THE SERIES 2018B-1 BONDS

Dated: Date of Delivery **Due: As shown below**

The Series 2018B-1 Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018B-1 Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018B-1 Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____, _____% Series 2018B Term Bonds due January 1, 20___; Priced at _____; Yield _____%; CUSIP No. _____[†]

THE SERIES 2018B-2 BONDS

Dated: Date of Delivery **Due: As shown below**

The Series 2018B-2 Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2018B-2 Bonds will be payable on each May 15 and November 15 of each year, commencing on May 15, 2019. The Series 2018B-2 Bonds will be subject to redemption prior to maturity, as more fully described herein.

$_____, _____% Series 2018B Term Bonds due January 1, 20___; Priced at _____; Yield _____%; CUSIP No. _____[†]

[†]CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP data is provided for convenience of reference only. The Issuer, the Obligated Group and the Underwriter take no responsibility for the accuracy of such numbers.

[Red Herring Language**]**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The Bonds may not be sold nor may offers to buy the Bonds be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Issuer has deemed this Preliminary Official Statement "final," except for certain permitted omissions within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

[COMMUNITY AND PROJECT PICTURES]

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 Obligated Group, the Issuer, or the Underwriter. The information set forth herein concerning the Obligated Group has been furnished by the Obligated Group 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. Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Obligated Group since the date hereof.

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 Obligated Group, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE 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 STABILIZE 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 United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A to this Official Statement.

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 OBLIGOR 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 WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. 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 WEBSITES.

TABLE OF CONTENTS

Page

SUMMARY STATEMENT

The information set forth in this Summary Statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which 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 Summary 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 Summary Statement, see "DEFINITIONS OF CERTAIN TERMS" in APPENDIX D hereto.

[TO COME**]**

**$_____*
CITY OF ATLANTIC BEACH, FLORIDA
Health Care Facilities Revenue Bonds
(Fleet Landing Project),
Series 2018**

consisting of

$_____*	$_____*	$_____*
Series 2018A Bonds	**Series 2018B-1 Tax Exempt Mandatory Paydown Securities (TEMPS-85SM)**	**Series 2018B-2 Tax Exempt Mandatory Paydown Securities (TEMPS-70SM)**

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 Atlantic Beach, Florida (the "Issuer") of its Health Care Facilities Revenue Bonds (Fleet Landing Project) consisting of the above-captioned Series 2018A Bonds (the "Series 2018A Bonds"), Series 2018B-1 Bonds (Tax Exempt Mandatory Paydown Securities (TEMPS-85SM)) (the "Series 2018B-1 Bonds") and Series 2018B-2 Bonds (Tax Exempt Mandatory Paydown Securities (TEMPS-70SM)) (the "Series 2018B-2 Bonds," and together with the Series 2018A Bonds and the Series 2018B-1 Bonds, the "Bonds").

The Bonds are being issued pursuant to Part II, Chapter 159, Florida Statutes, as amended (the "Act"), in conformity with the provisions, restrictions and limitations thereof and pursuant to the Indenture of Trust dated as of December 1, 2018 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee").

Certain capitalized terms used herein are defined in "DEFINITIONS OF CERTAIN TERMS" in APPENDIX D hereto. 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.

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*Preliminary, subject to change.

SM TEMPS-85 and TEMPS-70 are service marks of B.C. Ziegler and Company.

Purpose of the Bonds

The proceeds of the Bonds will be loaned to Naval Continuing Care Retirement Foundation, Inc., a Florida nonprofit corporation (the "Obligor" or the "Obligated Group Representative") pursuant to a Loan Agreement dated as of December 1, 2018, between the Issuer and the Obligor (the "Loan Agreement") and will be used, together with other available moneys described herein, to (i) finance and refinance (including reimbursement) the cost of acquisition, construction, installation and equipping of certain capital improvements to the Obligor's existing campus known as Fleet Landing in the City of Atlantic Beach, Florida (as more fully described herein, the "Project"), (ii) refund certain outstanding indebtedness of the Obligated Group (as defined herein), (iii) fund, for a period of approximately **[**22**]** months, interest on the Bonds, (iv) fund a debt service reserve fund for the Bonds, and (v) pay the costs of issuing the Bonds. See "THE OBLIGATED GROUP AND THE COMMUNITY," "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Risk Factors. Certain risks are inherent in the successful operation of facilities such as the Community (defined below) 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.

Security for the Bonds

General. The Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, pursuant to which the Issuer will assign and pledge to the Bond Trustee, (i) the hereinafter described Series 2018 Notes relating to the Bonds, (ii) certain rights of the Issuer under the Loan Agreement, (iii) the funds and accounts (excluding the Rebate Fund), including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture, and (iv) 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 2018 Notes.

Loan Agreement. Pursuant to the Loan Agreement, the Obligor 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, and, to make payments as required to restore any deficiencies in the debt service reserve fund. See "SECURITY FOR THE BONDS - The Loan Agreement." See also "EXCERPTS FROM LOAN AGREEMENT" in APPENDIX D hereto.

Master Indenture. The obligation of the Obligor to repay the loan from the Issuer will be evidenced by promissory notes (collectively, the "Series 2018 Notes"), issued under and entitled to the benefit and security of a Master Trust Indenture, dated as of April 1, 2013, as amended and supplemented (collectively, the "Master Indenture"), and

particularly as supplemented by Supplemental Indenture Number 7, dated as of December 1, 2018, each between U.S. Bank National Association, as master trustee (the "Master Trustee") and the Obligor, on behalf of itself and as Obligated Group Representative on behalf of Future Landing, LLC, a Florida limited liability company the sole member of which is the Obligor ("Future Landing," and collectively with the Obligor, the "Current Obligated Group"). See "SECURITY FOR THE BONDS - The Master Indenture." See also DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS in APPENDIX D hereto. The Series 2018 Notes will constitute an unconditional promise by each Obligated Group Member (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 2018 Notes will be secured on a parity basis with any other Obligations heretofore and hereafter issued and outstanding under the Master Indenture (collectively, the "Parity Obligations"), by a lien on and security interest in the Mortgaged Property granted to the Master Trustee pursuant to a **[**Mortgage and Security Agreement dated as of April 1, 2013, as previously amended and supplemented, and particularly as amended and supplemented by the First Supplemental Mortgage and Security Agreement and Notice of Future Advance, dated as of December 1, 2018, each as executed by the Obligor and delivered to the Master Trustee (the "Mortgage")**]** and a security interest in the Gross Revenues of the Obligated Group and the Funds established under the Master Indenture. Currently, only the Obligor and the Master Trustee are parties to the Master Indenture, and the Obligor and Future Landing are the only Obligated Group Members. The Current Obligated Group and each Obligated Group Member admitted in the future (collectively, the "Obligated Group") 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.

Pledge of Gross Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2018 Notes and other Outstanding Parity Obligations, the Obligated Group Members have pledged, assigned, confirmed and granted a security interest unto the Master Trustee in the Gross Revenues of the Obligated Group Members as well as all moneys and securities from time to time held by the Master Trustee under the terms of the Master Indenture. See "SECURITY FOR THE BONDS - Revenue Fund" herein. As further described below under "SECURITY FOR THE BONDS - The Master Indenture - Outstanding Parity Obligation," there are currently four other Outstanding Parity Obligations, two of which will be refunded upon the issuance of the Bonds.

Outstanding Parity Obligations. Prior to the issuance of the Series 2018 Notes, the following Parity Obligations are currently outstanding (i) the $49,050,000 original principal amount Series 2013A Note (the "Series 2013A Note") issued by the Obligor on April 1, 2013 to secure the repayment of the Issuer's outstanding Health Care Facilities

Revenue and Refunding Bonds (Fleet Landing Project), Series 2013A (the "Series 2013A Bonds"), (ii) the $16,610,000 original principal amount Series 2013B Note (the "Series 2013B Note," and together with the Series 2013A Note, the "Series 2013 Notes") issued by the Obligor on October 24, 2013 to secure the repayment of the Issuer's outstanding Health Care Facilities Revenue Bonds (Fleet Landing Project), Series 2013B (the "Series 2013B Bonds," and together with the Series 2013A Bonds, the "Series 2013 Bonds"), (iii) the $2,800,000 original principal amount Series 2014 Note (the "Series 2014 Note") issued by the Obligor on September 26, 2014 to secure the repayment of a loan made to the Obligor by Compass Bank, and (iv) the $2,500,000 original principal amount Series 2016 Note (the "Series 2016 Note") issued by the Obligor on September 9, 2016 to secure the repayment of a loan made to the Obligor by Compass Bank. The Series 2013 Notes, the Series 2014 Note and the Series 2016 Note constitute Obligations under the Master Indenture payable on a parity basis under the Master Indenture and secured on a parity basis under the Mortgage with other Obligations issued thereunder. Upon the issuance of the Bonds, a portion of the proceeds thereof will be used to refund the Series 2014 Note and the Series 2016 Note in full (collectively, the "Refunded Notes"), as more particularly described herein. See "PLAN OF FINANCE - Refunding of Refunded Notes" herein.

Collateral Assignment. As additional security for the Series 2018 Notes and other Outstanding Parity Obligations, the Obligor will enter into a Collateral Assignment of Contracts to collaterally assign to the Master Trustee all of its right, title and interest in the Project Documents (as defined in the Collateral Assignment), all other plans, specifications and contracts for design and development of the Project.

Debt Service Reserve Fund. As additional security for the Bonds, a debt service reserve fund (the "Reserve Fund"), and a Series 2018A Reserve Account and Series 2018B Reserve Account therein, will be established pursuant to the Bond Indenture and will be funded from the proceeds of the Bonds. Each account in the Reserve Fund will be funded in an amount equal to the Reserve Fund Requirement for the applicable series of Bonds secured thereby. See "SECURITY FOR THE BONDS – Debt Service Reserve Fund for the Bonds." See also "EXCERPTS FROM INDENTURE OF TRUST" in APPENDIX D hereto.

Financial Feasibility Study. Dixon Hughes Goodman LLP, certified public accountants and advisors, has prepared a Financial Feasibility Study dated November __, 2018 (the "Financial Feasibility Study"), which is included as APPENDIX C hereto. The Financial Feasibility Study includes management's financial forecast of the Obligor through the period ending December 31, 20__. 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 APPENDIX C hereto.

THE ISSUER

The Issuer is a political subdivision of the State of Florida. The Issuer is authorized under the provisions of the Act to issue the Bonds for the purpose of financing and refinancing the costs of the Project, to enter into the Indenture and the Loan Agreement and to secure the Bonds by an assignment to Bond Trustee of the payments to be made by the Issuer under the Loan Agreement and a pledge of other moneys deposited with the Bond Trustee under the Indenture.

The Issuer has not undertaken to review this Official Statement nor has it assumed any responsibility for the matters contained herein except solely as to matters relating to the Issuer. All findings and determinations by the Issuer have been made for its own internal uses and purposes in performing its duties under the Act. Notwithstanding its approval of the Bonds for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer does not endorse or in any manner, directly or indirectly, guarantee or promise to pay the Bonds from any source of funds or guarantee, warrant or endorse the creditworthiness or credit standing of the Obligor or in any manner guarantee, warrant or endorse the investment quality or value of the Bonds. The Bonds are payable solely as described in this Official Statement and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Issuer. By its issuance of the Bonds, the Issuer does not in any manner, directly or indirectly, guarantee, warrant or endorse the creditworthiness of the Obligor or the investment quality or value of the Bonds.

The Issuer has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement other than in this section and the section entitled "LITIGATION - Issuer." The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to the Bonds or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser.

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THE OBLIGATED GROUP AND THE COMMUNITY

The Obligor

The Obligor is a Florida not-for-profit corporation located in The City of Atlantic Beach, Florida. The Obligor owns and operates a continuing care retirement community known as "Fleet Landing" (the "Community") which opened in 1990 and is designed to meet the needs of former military officers, their spouses and others of retirement age. The Obligor is the sole corporate member of Future Landing and is the Obligated Group Representative. For more information regarding the Obligor, see APPENDIX A hereto.

The Community

Located on an approximately 86-acre campus in the City of Atlantic Beach, Florida, the Community currently has available for occupancy 354 residential independent living units (including 164 congregate living units), 56 assisted living units, 24 memory care units and 67 skilled nursing beds, together with a variety of related common and support areas. As further described herein, the Community's current unit configuration is expected to change upon completion of the Project. See "THE PROJECT" herein. The Community is managed by the Obligor. For more information regarding the Community, see APPENDIX A hereto.

Future Landing

Future Landing is a Florida limited liability company, the sole member of which is the Obligor. Future Landing is organized to _____. **[**TO COME**]**.

PLAN OF FINANCE

The Project

A portion of the proceeds of the Bonds will be deposited in the Project Fund and disbursed by the Bond Trustee to the Obligor to pay (or reimburse the Obligor for) the costs related to the acquisition, construction, installation and equipping of certain capital improvements to the Community including, without limitation, (i) the design, acquisition, construction and installation of an expansion to the Community to be known as "Beacon Pointe at Fleet Landing" expected to consist of approximately 128 independent living apartments containing approximately 228,506 square feet, approximately 38 assisted living apartments containing approximately 41,225 square feet, approximately 30 skilled nursing units containing approximately 28,850 square feet, a restaurant building containing approximately 12,000 square feet, which will accommodate three dining establishments, and an addition to the existing wellness facilities containing approximately 10,000 square feet (the "Beacon Pointe Expansion Project"), (ii) the renovation of existing assisted living units, (iii) the renovation of existing wellness

amenity spaces, and (iii) the acquisition, construction and installation of related facilities, improvements, fixtures, furnishings and equipment, and other capital expenditures at the Community, all as more particularly described in APPENDIX A hereto.

The following table summarizes the Community's unit configuration prior to and after completion of the Project:

Unit Configuration Before and After the Project

	Current Unit Configuration	**New Units/Beds**	**Upon Project Completion**
Unit Type			
Independent Living	354	128	482
Assisted Living	56	38	94
Memory Support	24	0	24
Skilled Nursing	67	30	97
Total	**501**	**196**	**697**

Construction of the Project is expected to commence in December 2018 and management of the Obligor anticipates that the Project will be completed by June 2020. See the APPENDIX A hereto and the Financial Feasibility Study attached hereto as APPENDIX C for more information on the Community and the 2018 Project.

Refunding of Refunded Notes

Upon the issuance of the Bonds, a portion of the proceeds thereof will be used to pay the Refunded Notes, which are currently outstanding in the aggregate principal amount of $**[**5,300,000**]**. The Refunded Notes were originally incurred to secure certain outstanding indebtedness of the Obligated Group, the proceeds of which were previously used to finance the acquisition of the land on which a portion of the Project will be located.

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ESTIMATED SOURCES AND USES OF FUNDS*

The estimated sources and uses of funds in connection with the issuance of the Bonds, the construction of the Project and the refinancing of the Refunded Notes are as follows:

SOURCES OF FUNDS	
Series 2018A Bonds	$
Series 2018B-1 Bonds	
Series 2018B-2 Bonds	
[Net**]** Original Issue **[**Premium/Discount**]**	
Total Bond Proceeds	$
Equity Contribution	
Resident Entrance Fees(1)	
Total Sources of Funds	$
USES OF FUNDS	
Deposit to Construction Fund(2)	$
Refunding of Refunded Notes	
Funded Interest(3)	
Deposit to Reserve Fund(4)	
Series 2018A Reserve Account	
Series 2018B Reserve Account(5)	
Working Capital Fund(1)	
Operating Reserve Fund(1)	
Bond Issuance Costs(6)	
Total Uses of Funds	$

* Preliminary, subject to change.

(1) Represents the estimated amount of 2018 Project Initial Entrance Fees (as defined in the Master Indenture) from residents anticipated to be deposited in the Working Capital Fund and the Operating Reserve Fund and used to fund certain start-up losses and operating reserves.

(2) Approximately $_____ is to be reimbursed to the Obligor for prior capital expenditures related to the Project.

(3) Management estimates, based on information provided by the Underwriter, that this amount of bond proceeds and interest earnings thereon would be used to fund interest on the Bonds for approximately **[**22**]** months.

(4) Two Debt Service Reserve Accounts are to be established and funded at closing in an amount equal to the respective Reserve Fund Requirement for the applicable series of Bonds secured thereby. See "SECURITY FOR THE BONDS - Debt Service Reserve Fund for the Bonds" herein.

(5) Represents $_____of Series 2018B-1 Bond proceeds and $_____of Series 2018B-2 Bond proceeds.

(6) Management estimates, based on information provided by the Underwriter, that bond issuance costs would approximate this amount and would include legal fees, accounting fees, Underwriter's fee and other costs associated with the issuance of the Bonds.

The following table sets forth the estimated amounts required for (i) the payment of principal of the Series 2018A Bonds and the outstanding Series 2013 Bonds at maturity or by mandatory sinking fund redemption, (ii) the anticipated payment of principal of the Series 2018B Bonds from anticipated 2018 Project Initial Entrance Fees in compliance with the requirements of the Master Indenture and (iii) the payment of interest on the Bonds and the Series 2013 Bonds for each Bond Year ending November 15. In addition, pursuant to the relevant provisions of the Master Indenture, the Obligor anticipates prepaying the Series 2018B-2 Bonds and the Series 2018B-1 Bonds (in that order) from 2018 Project Initial Entrance Fees prior to their stated maturity. The actual timing of the prepayment of the Series 2018B-2 Bonds and the Series 2018B-1 Bonds may differ from the assumptions below because of timing differences in the actual receipt of 2018 Project Initial Entrance Fees.

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ESTIMATED COMBINED ANNUAL DEBT SERVICE REQUIREMENTS

Bond Year Ending November 15	Series 2018A Bonds		Series 2018B-1 Bonds		Series 2018B-2 Bonds		Outstanding Series 2013 Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	$	$	$	$	$	$	$1,090,000	$2,729,483	$
2019							1,135,000	2,687,683	
2020							1,190,000	2,630,933	
2021							1,245,000	2,574,633	
2022							1,305,000	2,515,096	
2023							1,365,000	2,454,726	
2024							1,435,000	2,387,876	
2025							1,505,000	2,316,738	
2026							1,580,000	2,242,144	
2027							1,660,000	2,163,844	
2028							1,740,000	2,081,544	
2029							1,825,000	1,995,376	
2030							1,920,000	1,904,351	
2031							2,015,000	1,808,576	
2032							2,115,000	1,708,069	
2033							2,220,000	1,602,563	
2034							2,330,000	1,491,826	
2035							2,445,000	1,375,607	
2036							2,570,000	1,253,657	
2037							2,705,000	1,125,457	
2038							2,550,000	990,563	
2039							2,690,000	847,125	
2040							2,845,000	695,813	
2041							3,005,000	535,781	
2042							3,170,000	366,750	
2043							3,350,000	188,438	
2044									
2045									
2046									
2047									
2048									
2049									
2050									
2051									
2052									
2053									
Total	$	$	$	$	$	$	$53,055,000	$44,674,652	$

Totals may not add due to rounding.

THE BONDS

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

General; Book-Entry-Only System

The Bonds provide that no recourse under any obligation, covenant or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, will be had against any past, present or future director, incorporator, agent, representative, member, officer or employee of the Issuer, as such, either directly or through the Issuer, for the payment for or to the Issuer or for or to the registered owner of any Bond, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance of the Bonds and, as a material part of the consideration for the issue of the Bonds, expressly waived and released.

So long as DTC acts as securities depository for the Bonds, as described in APPENDIX E hereto, all references herein to "Owner," "owner," "Holder" or "holder" of any Bonds or to Series 2013B "Bondowner," "Bondholder," "bondowner" or "bondholder" are deemed to refer to Cede & Co., as nominee for DTC, and not to Participants, Indirect Participants or Beneficial Owners (as defined herein).

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Bonds will be paid as described in APPENDIX E hereto. The following information is subject in its entirety to the provisions described in APPENDIX E hereto.

The Bonds will be issued only in fully registered form without coupons in the denominations of $5,000 and any integral multiple thereof. The Bonds will be dated their date of issuance and will accrue interest from the date of delivery, except as otherwise provided in the Bond Indenture. The Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the rate set forth on the inside cover hereof, payable semiannually on May 15 and November 15 each year, commencing May 15, 2019 (each, an "Interest Payment Date"), and mature on the dates set forth on the inside cover page hereof.

Payment of Principal and Interest

The principal of and premium, if any, on the Bonds are required to be payable in lawful money of the United States of America at the Payment Office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and

surrender of the Bonds. Payment of interest on each Bond will be made to the person in whose name such Bond is registered on the Bond Register at the close of business on the applicable Record Date and are required to be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner's address as it appears on the bond register or at such other address as is furnished to the Bond Trustee in writing by the applicable Record Date by such owner or (ii) as to any registered owner of $1,000,000 or more in aggregate principal amount of Bonds who so elects, by wire transfer of funds to such wire transfer address within the continental United States of America as the registered owner shall have furnished to the Bond Trustee in writing on or prior to the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. In the Event of Default in the payment of interest due on such Interest Payment Date, defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest established by notice mailed by the Bond Trustee to the registered owners of Bonds not less than ten days preceding such Special Record Date.

Transfers and Exchanges; Persons Treated as Owners

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

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

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

The Issuer and the Bond Trustee may deem and treat the person in whose name the Bond is registered as the absolute owner thereof for the purpose of making payment (except to the extent otherwise provided in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee will be affected by any notice to the contrary.

REDEMPTION PROVISIONS FOR THE BONDS

The Series 2018A Bonds

The information in this section applies only to the Series 2018A Bonds.

Mandatory Sinking Fund Redemption of Series 2018A Bonds. The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
		*	

*Maturity.

The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
		*	

*Maturity.

The Series 2018A Bonds maturing on November 15, 20___ are subject to mandatory bond sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date, without premium, as follows:

Year	Amount	Year	Amount
	$		$
		*	

*Maturity.

At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the 45th day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation of the Series 2018A Bonds or portions thereof of the same maturity, in an Aggregate Principal Amount desired by the Obligor, or (ii) specify a principal amount of the Series 2018A Bonds or portions thereof of the same maturity, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation.

Optional Redemption of Series 2018A Bonds. The Series 2018A Bonds are subject to optional redemption prior to maturity by the Issuer, at the written direction of the Obligor, on or after _____ 15, 20__, at any time as a whole or in part by lot (subject to the requirements of the Bond Indenture with respect to partial redemptions), at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the redemption date:

Redemption Period (Dates Inclusive)	Redemption Price
_____, 20__ through _____, 20__	%
_____, 20__ through _____, 20__	
_____, 20__ and thereafter	

The Series 2018B Bonds

The information in this section applies only to the Series 2018B Bonds.

Optional Redemption of Series 2018B Bonds. The Series 2018B Bonds are callable for redemption prior to maturity by the Issuer upon the written direction of the Obligor, on or after _____, 20__, at any time as a whole or in part by lot (subject to the requirements of the Bond Indenture with respect to partial redemptions). The redemption price for any such redemption shall be equal to the principal amount of the Series 2018B Bonds to be redeemed on the redemption date, plus accrued interest to the redemption date, without premium.

Mandatory Entrance Fee Redemption of Series 2018B Bonds. To the extent that moneys are on deposit in the Entrance Fee Redemption Account on the day following the first Business Day of any month prior to the closure of the Entrance Fee Fund pursuant to the Master Indenture (an "Entrance Fee Transfer Date"), the Series 2018B Bonds are subject to mandatory redemption on the next following Entrance Fee Redemption Date at a redemption price equal to the principal amount thereof (in Authorized Denominations) plus accrued interest to such redemption date.

The principal amount of the Series 2018B Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Series 2018B 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. The Series 2018B Bonds shall be selected for redemption in accordance with the Bond Indenture and as described in the subsection titled "Partial Redemption" below.

Mandatory Redemption from Surplus Construction Fund Moneys

The Bonds are subject to mandatory redemption in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee upon receipt of the Completion Certificate at a redemption price equal to the aggregate principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys are transferred to the Principal Account of the Bond Fund. The Series 2018 Bonds shall be selected for redemption in accordance with the Bond Indenture and as described in the subsection titled "Partial Redemption" below.

Extraordinary Optional Redemption

The Bonds will be subject to optional redemption by the Issuer at the written direction of the Obligor prior to their scheduled maturities, in whole or in part by lot (subject to the requirements of the Bond Indenture with regards to partial redemption) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

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

(b) as a result of any changes in the Constitution or laws of the State of Florida or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

Partial Redemption

In the event that less than all of the Outstanding Bonds or portions thereof are to be optionally redeemed or subject to extraordinary optional redemption, mandatory redemption from Surplus Construction Fund Moneys or mandatory redemption from Initial Entrance Fees as described above, the Bonds to be redeemed shall be selected first, from any Outstanding Series 2018B-2 Bonds, next from any Outstanding Series 2018B-1 Bonds and finally from any Outstanding Series 2018A Bonds.

In the event that less than all of the Outstanding Bonds or portions thereof of a particular series are to be optionally redeemed or subject to extraordinary optional redemption, mandatory redemption from Surplus Construction Fund Moneys or mandatory redemption from Initial Entrance Fees as described above, the Obligor may select the particular maturities of such series (or subseries) to be redeemed. If less than all Bonds (or any series or subseries) or portions thereof of a single maturity are to be redeemed, they will be selected by DTC or by lot in such manner as the Bond Trustee may determine.

If a Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Bond may be redeemed, but Bonds will be redeemed only in the principal amount of an Authorized Denomination and no Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination.

Notice of Redemption

In case of every redemption (except those related to the Sinking Fund), the Bond Trustee will cause notice of such redemption to be given electronically or by mailing by first-class mail, postage prepaid, a copy of the redemption notice to the owners of the Bonds designated for redemption in whole or in part, at their addresses as the same will last appear upon the registration books, in each case not more than 60 nor less than 30 days prior to the redemption date. In addition, notice of redemption will be sent by first class or registered mail, return receipt requested, or by overnight delivery service (1) contemporaneously with such mailing: to any owner of $1,000,000 or more in principal amount of the Bonds, and (2) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of the Bonds to be redeemed so that such notice is received at least two days prior to such mailing date; provided, however, that any defect in such notice will not affect the validity of any proceedings for the redemption of such Bonds if notice is given in accordance with the prior sentence.

Notwithstanding the foregoing, notice of optional redemption may, upon direction of the Obligor to the Issuer, be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may

also be subject to rescission by the Issuer upon written direction of the Obligor to the Bond Trustee if expressly set forth in such notice.

SECURITY FOR THE BONDS

General

The Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, pursuant to which the Issuer will assign and pledge to the Bond Trustee (1) the Series 2018 Notes, (2) certain rights of the Issuer under the Loan Agreement, (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in such funds, 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 2018 Notes.

The proceeds of the Bonds will be loaned to the Obligor, and the obligation of the Obligor to repay that loan will be evidenced by the Series 2018 Notes issued pursuant to, and entitled to the benefit and security of, the Master Indenture including, without limitation, a security interest in the Gross Revenues and the Mortgaged Property.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER. THE PRINCIPAL AND INTEREST ARE PAYABLE SOLELY OUT OF CERTAIN PAYMENTS UNDER THE LOAN AGREEMENT BETWEEN THE ISSUER AND THE OBLIGOR AND THE RELATED NOTE ISSUED UNDER THE MASTER INDENTURE AS DESCRIBED HEREIN, BY RECOURSE TO THE MORTGAGE AND FROM MONEYS PLEDGED UNDER THE BOND INDENTURE AS DESCRIBED HEREIN. THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF FLORIDA, DUVAL COUNTY, OR THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, DUVAL COUNTY, THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, DUVAL COUNTY, OR ANY POLITICAL SUBDIVISION THEREOF.

Debt Service Reserve Fund for the Bonds

The Bond Indenture creates and establishes with the Bond Trustee a Debt Service Reserve Fund (the "Reserve Fund") with respect to the Bonds. Moneys on deposit in the Reserve Fund will be used to provide a reserve for the payment of the principal of and

interest on the related series of Bonds. See "EXCERPTS FROM INDENTURE OF TRUST" in APPENDIX D hereto.

The Bond Indenture creates within the Reserve Fund two separate Reserve Accounts: (i) the Series 2018A Reserve Account and (ii) the Series 2018B Reserve Account. Moneys on deposit in the Series 2018A Reserve Account will be used solely to provide a reserve for the payment of the principal and interest on the Series 2018A Bonds. Moneys on deposit in the Series 2018B Reserve Account will be used solely to provide a reserve for the payment of the principal and interest on the Series 2018B Bonds.

Amounts currently deposited in the existing debt service reserve fund created in connection with the issuance of the Series 2013 Bonds are pledged solely to secure the repayment of the outstanding Series 2013 Bonds and cannot be used to pay debt service on the Bonds.

Payments into the Reserve Fund. Pursuant to the Bond Indenture, the Reserve Fund is required to be funded in an amount equal to the "Reserve Fund Requirement," which is defined in the Loan Agreement as (a) with respect to the Series 2018A Bonds, an amount equal to Maximum Annual Debt Service Requirement on the Series 2018A Bonds, (b) with respect to the Series 2018B Bonds, an amount equal to one year's interest on the Series 2018B Bonds; provided, however, the Reserve Fund Requirement for the Series 2018A Bonds and Series 2018B Bonds shall not exceed the lesser of (i) 125% of the average annual debt service requirement for the Series 2018A Bonds or the Series 2018B Bonds, as applicable, (ii) 10% of the aggregate stated original principal amount of the Series 2018A Bonds or the Series 2018B Bonds, as applicable, or (iii) the Maximum Annual Debt Service on the Series 2018A Bonds or the Series 2018B Bonds, as applicable.

In addition to the deposits required by the Bond Indenture, there will be deposited into the Reserve Fund any Reserve Fund Obligations delivered by the Obligor to the Bond Trustee pursuant to the Loan Agreement. In addition, there will be deposited into the Reserve Fund all moneys required to be transferred thereto pursuant to the Bond Indenture, and all other moneys received by the Bond Trustee when accompanied by directions that such moneys are to be paid into the Reserve Fund. There will also be retained in the Reserve Fund all interest and other income received on investments of Reserve Fund moneys in the Reserve Fund to the extent provided in the Bond Indenture.

Use of Moneys in the Reserve Fund. Except as provided in the Bond Indenture, moneys in each Account in the Reserve Fund shall be used solely for the payment of the principal of and interest on the related series of Bonds in the event moneys in the Bond Fund and the Funded Interest Account are insufficient to make such payments when due, whether on an interest payment date, redemption date, maturity date, acceleration date or

otherwise, provided that moneys on deposit in each Account in the Reserve Fund shall be used only to make such payments with respect to the related series of Bonds.

Effect of Event of Default. Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice under the Bond Indenture and the election by the Bond Trustee of the remedy specified in the Bond Indenture, any Reserve Fund Obligations in the Reserve Fund will, subject to the provisions of the Bond Indenture, be transferred by the Bond Trustee to the Principal Account and applied in accordance with the provisions of the Bond Indenture. In the event of the redemption of any series of Bonds, any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Reserve Fund Requirement on the Bonds to be Outstanding immediately after such redemption may, subject to the provisions of the Bond Indenture, be transferred to the Principal Account and applied to the payment of the principal of the Bonds to be redeemed. On June 1 and December 1 in each year, any earnings on the Reserve Fund Obligations on deposit in the Reserve Fund that are in excess of the Reserve Fund Requirement will be transferred into the Interest Account of the Bond Fund for the Bonds.

Remaining Funds. On the final maturity date of the Bonds, any Reserve Fund Obligations in the related Accounts in the Reserve Fund in excess of the Reserve Fund Requirement for each Account after giving effect to such maturity may, upon the direction of the Obligor, be used to pay the principal of and interest on such series of the Bonds on such final maturity date. If at any time moneys in an Account in the Reserve Fund are sufficient to pay the principal or redemption price of all Bonds of the related series, the Bond Trustee may use the moneys on deposit in the Reserve Fund to pay such principal or redemption price of the related series of Bonds.

The Loan Agreement

Under the Loan Agreement, the Obligor is required to duly and punctually to pay the principal of, premium, if any, and interest on the Bonds, and to make payments to the Bond Trustee to maintain the Reserve Fund at the required amount and to make certain other payments. See "EXCERPTS FROM LOAN AGREEMENT" in APPENDIX D hereto.

The Master Indenture

General. The Master Indenture is intended to provide assurance for the repayment of obligations entitled to its benefits by imposing financial and operating covenants which restrict the Obligated Group and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such Obligations. As of the date hereof, the Series 2013 Notes, the Series 2014 Note and the Series 2016 Note are the only Outstanding Parity Obligations presently entitled to the benefits of the Master Indenture. Upon the issuance of the Bonds, the Series 2014 Note and Series 2016 Note will be paid

in full, and the Series 2013 Notes and the Series 2018 Notes will be the only Outstanding Parity Obligations then entitled to the benefits of the Master Indenture. See "PLAN OF FINANCE - Refunding of Refunded Notes" and "ESTIMATED SOURCES AND USES" herein. The holders of all Obligations entitled to the benefit of the Master Indenture will be on a parity with respect to the benefits of the Master Indenture. Pursuant to the Master Indenture, the Current Obligated Group and any future Obligated Group Members have pledged and granted to the Master Trustee (a) a security interest in all personal property owned or hereafter acquired by the Obligated Group, (b) a security interest in all the Gross Revenues of the Obligated Group, with certain limited exceptions, (c) a security interest in the Funds established under the Master Indenture, and (d) a security interest in any other property from time to time subjected to the lien of the Master Indenture. Pursuant to the Mortgage, the Current Obligated Group has pledged and granted to the Master Trustee a lien on the Mortgaged Property and a security interest in all property owned or hereafter acquired by the Current Obligated Group. See "EXCERPTS FROM MASTER TRUST INDENTURE" in APPENDIX D.

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law cannot be granted, assigned or pledged hereunder or which would become void or voidable if granted, assigned or pledged hereunder by the Obligated Group Members, or which cannot be granted, pledged or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged and assigned by the Obligated Group Members, (ii) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (iii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use of payments

required under this Master Trust Indenture, (iv) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (v) all deposits made pursuant to Residency Agreements to be held in escrow until construction of the Facilities is completed, a certificate of occupancy has been issued and appropriate licenses, if required, have been issued, and (vi) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

The Series 2018 Notes will constitute a joint and several obligation of each Obligated Group Member, and the Series 2018 Notes will be secured on a parity basis with the Series 2018 Notes and with any other Obligations hereafter issued and outstanding under the Master Indenture by a lien on the trust estate pledged thereunder, which includes the Mortgaged Property and the Gross Revenues of the Obligated Group.

Currently, only the Obligor and the Master Trustee are parties to the Master Indenture, and upon its initial formation the Obligor was the only initial Obligated Group Member. On September 26, 2014, Future Landing was added as a Member of the Obligated Group pursuant to Supplemental Master Trust Indenture Number 3, among the Current Obligated Group and the Master Trustee. The Current Obligated Group and each Obligated Group Member that may be admitted in the future will be jointly and severally liable for the payment for all Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See "EXCERPTS FROM MASTER TRUST INDENTURE - Section 6.01 - Admission of Obligated Group Members" and " - Section 6.03 - Withdrawal of Obligated Group Members" in APPENDIX D for a description of the limitations on admission and release of Obligated Group Members.

Certain Covenants of the Obligated Group

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group's property, corporate existence, the maintenance of certain levels of insurance coverage, the incurrence of additional debt, the sale or lease of certain property, and permitted liens. For a full description of these and other covenants, see "EXCERPTS FROM MASTER TRUST INDENTURE" in APPENDIX D hereto.

Rate Covenant. Pursuant to the Master Indenture, the Obligated Group has covenanted to operate all of its Facilities on a revenue-producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and

repair of its Property and all other payments required to be made by it hereunder to the extent permitted by law. Each Obligated Group Member has agreed that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of the Master Indenture.

The Members covenant and agree that the Obligated Group Representative will calculate the Historical Debt Service Coverage Ratio of the Obligated Group for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2012 in accordance with the Master Indenture.

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1, the Obligated Group Representative, at the Obligated Group's expense, is required to select a Consultant and notify the Master Trustee of the selection within thirty (30) days following the calculation described above, and engage a Consultant in accordance with the Master Indenture to make recommendations with respect to the rates, fees and charges of the Members and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year; provided, however, the Obligated Group Representative shall not be required to engage a Consultant for a Fiscal Year in which the Historical Debt Service Coverage Ratio is less than 1.20:1 if: (i) the Historical Debt Service Coverage Ratio is equal to or greater than 1:00:1 and (ii) Days Cash on Hand exceeds two hundred fifty (250) days; but the Obligated Group Representative shall be required to engage a Consultant, regardless of Days Cash on Hand, if the Historical Debt Service Coverage Ratio is less than 1.20:1 for two (2) consecutive Fiscal Years.

Within sixty (60) days of the actual engagement of any such Consultant, the Obligated Group Representative is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member of the Obligated Group and each Required Information Recipient (as defined in the Master Indenture). Each Member of the Obligated Group is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. This provision shall not be construed to prohibit any Member of the Obligated Group from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of the Master Indenture.

If the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of 1.20:1 for a Fiscal Year, such failure shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and follows each

recommendation contained in such report to the extent feasible (as determined by the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law; provided, however, it shall be an Event of Default under the Master Indenture if (i) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 and the Days Cash on Hand of the Obligated Group as of the last day of the Fiscal Year is less than one hundred eighty (180) days or (ii) the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for two (2) consecutive Fiscal Years.

Under certain circumstances, if applicable laws or regulations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the requirements summarized above, the Obligated Group will be relieved of that requirement if the rates charged by the Obligated Group are such that the Obligated Group has generated the maximum amount of revenues reasonably practicable given such laws or regulations, and the Historical Maximum Annual Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1. See "EXCERPTS FROM MASTER TRUST INDENTURE - Section 4.11 - Rates and Charges" in APPENDIX D hereto.

In the event that any Member of the Obligated Group incurs any Additional Indebtedness for any acquisition, construction, renovation or replacement project, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the project or projects financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group until the first full Fiscal Year following the later of (i) the estimated completion of the acquisition, construction, renovation or replacement project being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such project set forth in the Consultant's report described in (A) below, or (ii) the first full Fiscal Year after which Stable Occupancy is achieved in the case of construction, renovation or replacement of elderly housing facilities or nursing facilities financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness, if the following conditions are met:

(A) there is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for each of the first two full Fiscal Years following the later of (1) the estimated completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such Additional Indebtedness, or (2) the first full Fiscal Year following the year in which Stable Occupancy is achieved in the case of construction, renovation or replacement of

elderly housing facilities or nursing facilities being financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided, however, that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that state or Federal laws or regulations or administrative interpretations of such laws or regulations then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio then permitted by such laws or regulations but in no event less than 1.00:1: provided, however, that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this subparagraph (A); and

(B) there is delivered to the Master Trustee an Officer's Certificate on the date on which financial statements are required to be delivered to the Master Trustee pursuant to the Master Indenture until the first Fiscal Year in which the exclusion from the calculation of the Historical Debt Service Coverage Ratio no longer applies, calculating the Historical Debt Service Coverage Ratio of the Obligated Group at the end of each Fiscal Year, and demonstrating that such Historical Debt Service Coverage Ratio is not less than 1.00:1, such Historical Debt Service Coverage Ratio to be computed without taking into account (1) the Additional Indebtedness to be incurred if (x) the interest on such Additional Indebtedness during such period is funded from proceeds thereof or other funds of the Member then on hand and available therefor and (y) no principal of such Additional Indebtedness is payable during such period, and (2) the Revenues to be derived from the project to be financed from the proceeds of such Additional Indebtedness. See "EXCERPTS FROM MASTER INDENTURE - Section 4.11 - Rates and Charges" in APPENDIX D hereto.

For specific information regarding the process under the Master Indenture for selection of Consultants, see "SECURITY FOR THE BONDS - Approval of Consultants" and APPENDIX D - "THE MASTER INDENTURE - Approval of Consultants."

Liquidity Covenant. The Master Indenture requires that the Obligated Group calculate the Days Cash on Hand of the Obligated Group as of June 30 and December 31 of each Fiscal year, commencing on June 30, 2013 (each such date being a "Testing Date"). Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 180 Days Cash on Hand (the "Liquidity Requirement").

If the Days Cash on Hand on any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative is required, within 30 days after

delivery of the Officer's Certificate disclosing such deficiency, to deliver an Officer's Certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of Days Cash on Hand to the Liquidity Requirement for future Testing Dates.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the next Testing Date following delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative is required, within 30 days after receipt of the Officer's Certificate disclosing such deficiency, to select a Consultant in accordance with the terms of the Master Indenture to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to raise the level of Days Cash on Hand to the Liquidity Requirement for future Testing Dates. A copy of the Consultant's report and recommendations, if any, is required to be filed with each member and each Required Information Recipient within 60 days after the date such Consultant is actually engaged. Each member of the Obligated Group is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required liquidity level will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the required procedures set forth above for adopting a plan and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law. See "The Master Indenture - Liquidity Covenant" in APPENDIX D hereto.

For specific information regarding the process under the Master Indenture for selection of Consultants, see "SECURITY FOR THE BONDS - Approval of Consultants" and APPENDIX D - "THE MASTER INDENTURE - Approval of Consultants."

Actuarial Study. Within 150 days of the end of the Fiscal Year ending December 31, 2012, and within 150 days of the end of each third Fiscal Year thereafter, the Obligated Group will obtain an actuarial report, including a calculation of funded status, and the Obligated Group Agent shall deliver an executive summary of such report, including a calculation of the Obligated Group's funded status, to the Required Information Recipients (as defined in the Master Indenture). Should the Obligated Group engage an actuary to report on funding status more frequently than in the preceding sentence, an executive summary of such report shall be provided.

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

Occupancy Quarter	**Occupancy Requirements (%)**	**Projected Occupancy(%)[1]**
	%	%
____ and thereafter		

[1] This information is based on Management's forecast as contained in the Financial Feasibility Study in Table __. See APPENDIX B attached hereto. This information is not included in the Master Indenture and is set forth here for the purpose of comparison only. There can be no assurance that the Obligated Group will achieve the occupancy levels forecasted.

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Level I Occupancy Requirement set forth above for that Occupancy Quarter, the Obligated Group Representative shall within 30 days thereafter submit an Officer's Certificate to the Master Trustee setting forth in detail the reasons therefor and the plan to increase the Percentage of Units Occupied to at least the Occupancy Requirement set forth above for future periods (a "Corrective Occupancy Action Plan").

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Obligated Group Representative shall select a Consultant in accordance with the Master Indenture within 45 days thereafter to prepare a report which addresses the information identified in

the Corrective Occupancy Action Plan described above and to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to at least the Occupancy Requirement set forth above for future periods. Within 60 days of the actual engagement of any such Consultant, the Obligated Group Representative shall cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member shall follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group shall not be required to obtain a Consultant's report more than one time in any six month period.

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

For specific information regarding the process under the Master Indenture for selection of Consultants, see "SECURITY FOR THE BONDS - Certain Covenants of the Obligated Group - Approval of Consultants" herein and APPENDIX C - "THE MASTER INDENTURE - Approval of Consultants" attached hereto.

Use of Moneys in Funds. The Obligated Group covenants that it will use amounts on deposit in the Working Capital Fund and the Operating Reserve Fund to pay debt service on any Indebtedness of the Obligated Group prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

Rating

The Obligated Group has covenanted to use its best efforts to maintain an investment grade rating on the Bonds.

In the event that the Bonds lose their investment grade rating, the Obligated Group has covenanted that it will seek a rating of the Bonds from any Rating Agency each year after a determination is made by the Obligated Group in consultation with the Underwriter or other such qualified entity that an investment grade rating for the Bonds is reasonably attainable, until achievement of an investment grade rating, provided that if during any such year the Obligated Group receives a preliminary indication from any Rating Agency that the Bonds will not be assigned an investment grade rating, the Obligated Group shall withdraw its rating request for such year.

Approval of Consultants

The Master Indenture provides that if at any time the Members of the Obligated Group are required to engage a Consultant under the provisions of the Master Indenture with respect to the Rate Covenant, Liquidity Covenant or occupancy covenants, such Consultant shall be engaged in the manner as set forth below.

Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee is required to, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the holders of all Obligations outstanding under the Master Indenture of such selection. Such notice will (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of this Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation holder submits an objection to the selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Obligations holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee is required to notify the Obligated Group of the number of objections. If 66.6% or more in aggregate principal amount of the holders of the outstanding Obligations have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative is required to engage the Consultant within three Business Days. If 33.4% or more in aggregate principal amount of the owners of the Obligations outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures described above and in accordance with the Master Indenture.

For further information about the approval of Consultants, including the ability of owners to object to the selection of a Consultant, see APPENDIX C - "THE MASTER INDENTURE - Approval of Consultants."

Flow of Funds, the Entrance Fee Fund and Operating Reserve Fund

Flow of Funds; Entrance Fee Fund. The Master Trustee shall establish and maintain a separate fund to be known as the "2018 Bonds Entrance Fee Fund" (the "2018 Bonds Entrance Fee Fund"). All moneys received by the Master Trustee and held in the 2018 Bonds Entrance Fee Fund pursuant to the Master Indenture shall be trust funds under the terms of the Master Indenture for the benefit of all of the Obligations outstanding thereunder (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 on deposit in the 2018 Bonds Entrance Fee Fund shall be held in trust and applied in accordance with the provisions of the Master Trust Indenture. The Escrowed Entrance

Fees shall be deposited by the Members of the Obligated Group in accordance with the terms of the Entrance Fee Escrow Agreement; provided however, if the Obligor shall have not entered into an Entrance Fee Escrow Agreement, the Obligor may hold checks given for Initial Entrance Fees applicable to the Project (the "Beacon Pointe Expansion Project Initial Entrance Fees") until the end of the 7-day rescission period in accordance with Section 651.033(3)(c), Florida Statutes and upon deposit thereof such amounts received be applied as provided in the Master Indenture and in this Section.

The Master Trustee shall apply all other Gross Revenues prior to the application of Beacon Pointe Expansion Project Initial Entrance Fees under the Master Indenture and upon application under Paragraph Fourth under " – Revenue Fund" herein shall apply such Beacon Pointe Expansion Project Initial Entrance Fees as provided below.

The Obligated Group Representative shall transfer Beacon Pointe Expansion Project Initial Entrance Fee moneys to the Master Trustee for deposit to the 2018 Bonds Entrance Fee Fund (any such directions to be provided in writing to the Chapter 651 Escrow Agent with a copy to the Master Trustee) and shall be applied by the Master Trustee within two Business Days of receipt, as follows:

FIRST, to the Obligor to pay refunds required by Residency Agreements for which the Obligor has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit that is part of the Project and offered for occupancy on an Entrance Fee basis. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligor certifying that the Obligor is required by Residency Agreement to pay refunds within the next 30 days (or such shorter time as required under Chapter 651, Florida Statutes), and the amount of such refunds to be funded from the 2018 Bonds Entrance Fee Fund. Such Officer's Certificate of the Obligor shall be furnished to the Master Trustee at least one Business Day before the Master Trustee is required to apply the funds;

SECOND, to the Working Capital Fund established by the Master Indenture, until the total principal amount deposited into the Working Capital Fund equals $_____. The Master Trustee will not replenish funds withdrawn from the Working Capital Fund or transfer moneys from the Entrance Fee Fund into the Working Capital Fund in excess of $_____.

THIRD, to the Operating Reserve Fund established pursuant to the Master Indenture until the amount on deposit in the Operating Reserve Fund equals $500,000, provided that such amount is not subject to replenishment following a withdrawal and the aggregate amount of Beacon Pointe Expansion Project Initial Entrance Fees transferred into the Operating Reserve Fund from the 2018 Bonds Entrance Fee Fund shall not exceed $500,000;

FOURTH, into the Entrance Fee Redemption Account established pursuant to the Bond Indenture.

After all of the Series 2018B Bonds have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligor delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Beacon Pointe Expansion Project Initial Entrance Fees into the 2018 Bonds Entrance Fee Fund. Upon the satisfaction of such conditions, any amounts on deposit in the 2018 Bonds Entrance Fee Fund will be remitted to the Obligor and the 2018 Bonds Entrance Fee Fund will be closed.

For information regarding the Entrance Fees Fund, see APPENDIX D – "EXCERPTS FROM SUPPLEMENTAL INDENTURE NUMBER 7" attached hereto.

Working Capital Fund. The Master Trustee shall establish and maintain a separate account to be known as the "Working Capital Fund" (the "Operating Reserve Fund"). Moneys in the Working Capital Fund are required to be disbursed by the Master Trustee to or for the account of the Obligor within seven days of receipt by the Master Trustee of an Officer's Certificate of the Obligor to the effect that (i) such moneys will be used to pay (a) operating expenses of the Obligated Group, (b) lease up and operating expenses of the Beacon Pointe Expansion Project, including any development and marketing fees, (c) the costs of needed repairs to the Beacon Pointe Expansion Project, (d) the costs of capital improvements to the Facilities, (e) judgments against any Obligated Group Member, (f) refunds of Entrance Fees as required by Residency Agreements pursuant to which such Entrance Fees were received, (g) amounts required to restore funds on deposit in any Related Bonds Debt Service Reserve Fund if such amount is less than the applicable requirement due to a valuation deficiency on any valuation date, or (h) amounts due on any Indebtedness of the Obligated Group Members, but not to reimburse amounts advanced by any Affiliate, (ii) such moneys have been expended or are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted together with a budget describing the uses for which such moneys are needed and the amount needed for each such use, and (iii) no other funds are available or will reasonably be available to make such payments.

After all of the Series 2018B Bonds have been redeemed or are otherwise paid in full (as established by an Officer's Certificate of the Obligor delivered to the Master Trustee) and no Event of Default has occurred and is continuing, any amounts on deposit in the Working Capital Fund shall be remitted to the Obligor, and the Working Capital Fund shall be closed.

Operating Reserve Fund. The Master Trustee shall establish and maintain a separate account to be known as the "Operating Reserve Fund" (the "Operating Reserve Fund"). All moneys received by the Master Trustee and held in the Operating Reserve Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of

the Obligations outstanding thereunder (except as otherwise provided in the Master Indenture) 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 the Master Indenture.

Moneys in the Operating Reserve Fund shall be disbursed by the Master Trustee to or for the account of the Obligor within seven days of receipt by the Master Trustee of an Officer's Certificate of the Obligor to the effect that (a) such moneys will be used to pay (a) lease up and operating expenses of the Beacon Pointe Expansion Project, including any development and marketing fees, (b) the costs of needed repairs to the Beacon Pointe Expansion Project, (c) the costs of capital improvements to the Facilities, (d) judgments against any Obligated Group Member, (e) refunds of Entrance Fees as required by Residency Agreements pursuant to which such Entrance Fees were received, (f) amounts required to restore funds on deposit in any Related Bonds Debt Service Reserve Fund if such amount is less than the applicable requirement due to a valuation deficiency on any valuation date, or (g) amounts due on any Indebtedness of the Obligated Group Members, but not to reimburse amounts advanced by any Affiliate, and (ii) such moneys have been expended or are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted together with a budget describing the uses for which such moneys are needed and the amount needed for each such use.

After all of the Series 2018B Bonds have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligor delivered to the Master Trustee) and no Event of Default has occurred and is continuing, any amounts on deposit in the Operating Reserve Fund shall be remitted to the Obligor, and the Operating Reserve Fund shall be closed.

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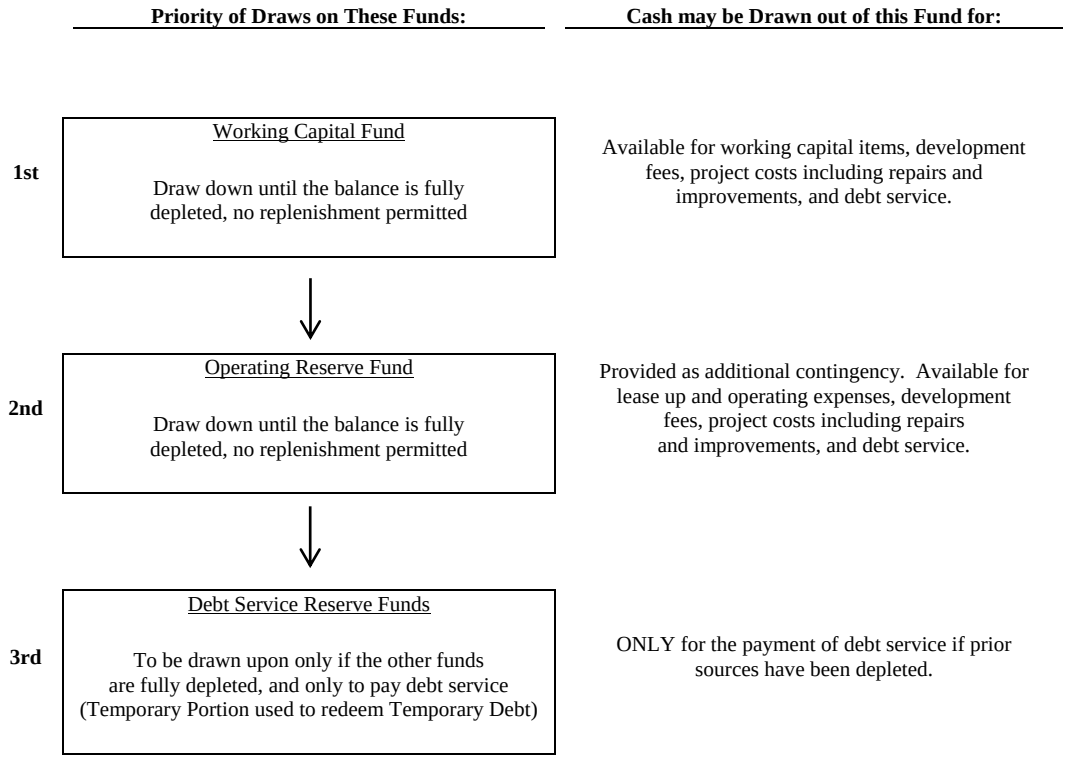
Cash Waterfall of 2018 Project Initial Entrance Fees

The diagram below demonstrates the flow of funds anticipated from the collection of Beacon Pointe Expansion Project Initial Entrance Fees.

[TO COME**]**

PRIORITY OF DRAWS FROM VARIOUS FUNDS

The following diagram illustrates the priorities of draws from the Working Capital Fund, Operating Reserve Fund and Debt Service Reserve Fund.



Revenue Fund

If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Obligations when due and continues for a period of five days, each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund all Gross Revenues and Federal Subsidy Payments of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any mortgage, lien, charge, encumbrance, pledge or other security interest granted, created, assumed, incurred or existing in accordance with the provisions of the Master Indenture) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

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

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

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

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

FOURTH, to the Obligated Group Representative.

Additional Indebtedness

The Master Indenture permits the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an additional Obligation issued under the Master Indenture. Under certain conditions specified therein, the Master Indenture will permit the Obligated Group to issue additional Obligations that will not be pledged under the Bond Indenture, but will be equally and ratably secured by the Master Indenture with the Series 2018 Notes, the Series 2018 Notes and any Obligation hereafter issued and outstanding under the Master Indenture. In addition, the Master Indenture will permit such additional Obligations to be secured by security including Liens on the Property of the Obligated Group and letters and lines of credit and insurance, which additional security or Liens need not be extended to secure any other Obligations (including the Series 2018 Notes). See APPENDIX C - "THE MASTER INDENTURE - Permitted Additional Indebtedness" and " - Liens on Property."

In determining compliance with a number of provisions of the Master Indenture, including the provisions governing the incurrence of Additional Indebtedness, the Obligated Group may assume that certain types of Indebtedness which bear interest at varying rates and which may not be payable over an extended term will bear interest over time at interest approximating current or recent long term fixed rates, will remain outstanding for a long term and will be amortized on a level debt service basis. The actual interest rates and payments on such Indebtedness may vary from such assumptions, and such variance may be material. See APPENDIX D - "THE MASTER INDENTURE - Calculation of Debt Service and Debt Service Coverage."

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.

A BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND SPECIAL REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE 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 Obligor under the Loan Agreement or by the Obligated Group under the Master Indenture.

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 Obligor and Future Landing individually and together with future Members of the Obligated Group, if any) sufficient to ensure the payment of the principal and interest on the Bonds in the amounts and at the times required to pay debt service on each series of the Bonds 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. 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.

Impact of Market Turmoil

The economic turmoil of past years had severe negative repercussions upon the United States and global economies. This impact was particularly severe in the financial sector, prompting a number of banks and other financial institutions to seek additional capital, to merge, and, in some cases, to cease operating. While the financial markets

have improved, the effects of this turmoil linger. Any similar future market turmoil could affect the market and demand for the Bonds in addition to adversely affecting the value of any investments of the Current Obligated Group or any future Member of the Obligated Group.

Management's Forecast

Management's financial forecast contained in the Financial Feasibility Study included in APPENDIX C hereto is based upon assumptions made by the management of the Obligor. 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 the years ending December 31, 20__, and consequently does not cover the whole period during which the Bonds may be outstanding. **The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein.** See APPENDIX C hereto.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT MANAGEMENT'S 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 REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES, AND GENERAL ECONOMIC CONDITIONS.

Additions to the Obligated Group

Currently, the Obligor and Future Landing are the only Member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other entities can become members of the Obligated Group. See "THE MASTER INDENTURE - Admission of Obligated Group Members" in APPENDIX C. Management of the Obligor currently has no plans to add additional members to the Obligated Group. However, if and when new members are added, the Obligated Group's financial situation and operations will likely be altered from that of the Current Obligated Group.

Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER. THE PRINCIPAL AND INTEREST ARE PAYABLE SOLELY OUT OF CERTAIN PAYMENTS UNDER THE LOAN AGREEMENT BETWEEN THE ISSUER AND

THE OBLIGOR AND THE RELATED NOTE ISSUED UNDER THE MASTER INDENTURE AS DESCRIBED HEREIN, BY RECOURSE TO THE MORTGAGE AND FROM MONEYS PLEDGED UNDER THE BOND INDENTURE AS DESCRIBED HEREIN. THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE, AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE STATE OF FLORIDA, DUVAL COUNTY OR THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE STATE, DUVAL COUNTY, THE ISSUER OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE STATE, DUVAL COUNTY OR ANY POLITICAL SUBDIVISION THEREOF.

Uncertainty of Revenues

The Obligated Group has no assets other than the Mortgaged Property and is not expected to have any revenues except those derived from operations of the Community in the near term. As noted elsewhere, except to the extent that the holders receive under certain circumstances, proceeds of insurance, sale or condemnation awards, each series of the Bonds will be payable solely from payments or prepayments to be made by the Obligor under the Loan Agreement and by the Current Obligated Group and any other future Obligated Group Members on the Series 2018 Notes. The ability of the Obligor to make payments under the Loan Agreement and the ability of the Current Obligated Group and any other future Obligated Group Members to make payments on the Series 2018 Notes is dependent upon the generation by the Obligated Group of revenues in the amounts necessary for the Obligor to pay the principal, premium, if any, and interest on the Bonds, as well as other operating and capital expenses. The realization of future revenues and expenses are subject to, among other things, the capabilities of the management of the Obligated Group, government regulation and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Bonds. No representation or assurance can be made that revenues will be realized by the Obligate Group in amounts sufficient to make the required payments with respect to debt service on the Bonds.

Delay in Payment of Series 2018B Bonds

Management's financial forecast contained in the Financial Feasibility Study included in APPENDIX C hereto currently anticipates that the Series 2018B-2 Bonds and the Series 2018B-1 Bonds will be subject to mandatory redemption from funds held in the Entrance Fee Redemption Account upon achieving occupancy of 70% and 85%, respectively, of the Entrance Fee Units in the Beacon Pointe Expansion Project, assuming receipt of 100% of all Beacon Pointe Expansion Project Initial Entrance Fees and that no discounts are provided. There can be no guarantee, however, that there will be sufficient funds in the Entrance Fee Redemption Account in order to so redeem such Series 2018B

Bonds. The Entrance Fee Redemption Account will be funded from the Beacon Pointe Expansion Project Initial Entrance Fees in accordance with the Master Indenture as described herein. See "REDEMPTION PROVISIONS FOR THE BONDS - The Series 2018B Bonds - Mandatory Entrance Fee Redemption of Series 2018B Bonds" and "- Partial Redemption" herein along with "SECURITY FOR THE BONDS - Certain Covenants of the Obligated Group and any Future Members of the Obligated Group - Flow of Funds, the Entrance Fee Fund and Other Funds."

Occupancy and Utilization Demand

The continued economic feasibility of Community depends in large part upon the ability of the Obligor to attract sufficient numbers of residents to maintain substantial occupancy throughout the term of the Bonds. This depends to some extent on factors outside management's control, such as the residents' right to terminate their residency agreements, subject to the conditions provided in the residency agreements. If the Obligor fails to maintain substantial occupancy in the Community, the Obligor may not generate sufficient funds to satisfy its repayment obligations with respect to the loan of the proceeds of the Bonds. If market changes require a reduction in the amount of fees payable by residents, there would be a consequent reduction in the revenues of the Obligor. Such reduction would also result if the Obligor is unable to fill vacancies becoming available when residents die, relocate, withdraw or are permanently transferred to any other facility. In addition, other factors may reduce the need for services and facilities such as those offered by the Obligor, 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 that eliminate the need for certain types of institutional or outpatient health care services; (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 area of the Obligor; and (iv) increased or more effective competition from other retirement and health care communities and long term care facilities now or hereafter located in the service area of the facility. For more information regarding occupancy of the Facilities owned by the Obligor, see APPENDIX A hereto.

Competition

The Community provides services in areas where other competitive facilities exist and may face additional competition in the future as a result of the construction or renovation of competitive facilities in the primary or secondary market area of the Community. There may also arise in the future competition from other continuing care facilities, some of which may offer similar facilities, but not necessarily similar services, at lower prices.

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 Community based on certain conditions as provided in such resident's Residency Agreement and as may be required by Chapter 651. In some cases, refunds may be owed and payable prior to the Obligor's receipt of a corresponding replacement Entrance Fee with respect to the applicable Entrance Fee Unit. Accordingly, 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 2018 Notes and any other Outstanding Parity Obligations.

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 Obligor has received a final certificate of authority for the Community. If the Obligor fails to comply with the requirements of Chapter 651, it would be subject to sanctions including the possible revocation of the certificate 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 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 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 Regulations 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.

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 Bondholders 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. In the event of a default, the value of the Mortgaged Property may be less than the amount of the outstanding Bonds, since the Community exists for the narrow use as a continuing care retirement community. In addition, even without consideration of the special purpose nature of the Community, the sale of property at a foreclosure sale may not result in the full value of such property being obtained. The special design features of a continuing care facility and the continuing rights of residents under continuing care and lease agreements may make it difficult to convert the facilities to

other uses, which may have the effect of reducing their attractiveness to potential purchasers. In the event of a default and subsequent foreclosure and sale of the Mortgaged Property, Bondholders have no assurance that the value of the Mortgaged Property would be sufficient to pay the outstanding principal and interest due under the terms of the Bonds. Accordingly, in the event of foreclosure and sale of the Mortgaged Property, Bondholders may not receive all principal and interest due under the terms of the Bonds.

The Nature of the Income of the Elderly

A percentage of the monthly income of certain residents of the Community may be fixed income derived from pensions and social security. In addition, some residents may have to liquidate assets in order to pay the fees and other charges for occupancy of the Community. If, due to inflation or otherwise, rates substantially increase due to the Obligor's escalating costs or decreasing reimbursements, fixed-income residents may have difficulty paying or may be unable to pay such increased rates. Furthermore, residents' investment income may be adversely affected by market and stock price fluctuations which may also result in payment difficulties.

Sale of Homes

It is anticipated that many future residents of the Community will relocate from a personal residence and many will sell their homes to effectuate such relocation. If local or national economic conditions affect the sale of residential real estate, such prospective residents may be delayed in relocating which could have an adverse impact on the revenues of the of the Obligated Group and the ability of the Obligated Group to pay debt service requirements on the Bonds.

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 Health Center and assisted living units (but not the independent living units) in the Community 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 Obligor to pay real estate taxes for such portions of the Community.**]**

Malpractice Claims and Losses

The Obligor has covenanted in the Master Indenture to maintain professional liability insurance with commercial insurance carriers unless the Obligor provides a certificate of an insurance consultant complying with the terms of the Master Indenture. The operations of the Obligor 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. Malpractice lawsuits may also 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 Obligor or the premiums at which such coverage can be obtained, however, such lawsuits have not historically affected the Obligor's operations or financial position and the Obligor does not expect this to occur in the future.

Federal Tax Reform

Tax reform legislation (the "Tax Act") was passed by both houses of Congress and signed into law on December 22, 2017. The Tax Act contained numerous other tax changes affecting tax-exempt organizations, including changes to unrelated business income tax provisions and a new executive compensation excise tax imposed on an exempt organization with respect to certain highly-compensated individuals. All or any of such provisions and/or other provisions affecting the Obligated Group contained in current or future tax reform legislation may materially impact the future cost and/or availability of borrowed funds, the market price or marketability of the Bonds in the secondary market, and the operations, financial position and cash flows of the Obligated Group.

Loss by Federal Legislative and Regulatory Initiatives

The discussion herein describes risks related to certain existing federal and state laws, regulations, rules and governmental administrative policies and determinations to which the Obligated Group and the healthcare industry are subject. Several of the federal statutes and regulations described herein may be substantially modified or repealed in whole or in part. During the November 2016 elections, several successful candidates for election to the United States Congress, as well as President Trump, campaigned on promises to effect such modification or repeal. Throughout the first half of 2017, President Trump and Congressional Republicans sought to enact legislation repealing or substantially rewriting major portions of the hereinafter described Health Care Reform Act and reforming the tax code, including a proposal to eliminate portions of the Health Care Reform Act through tax reform. See "- Regulation and Health Care

Reform – *Federal Health Care Reform*" below. The Tax Act effectively repealed the individual mandate by reducing the penalty to zero beginning on 2019 for individuals who fail to have minimum health insurance coverage. This effective repeal could result in a material increase in the number of uninsured individuals. Although it is uncertain whether or when additional legislation affecting such key areas will be introduced or passed, such legislation could have a material impact on the Borrower's operations, financial condition and financial performance.

Regulation and Health Care Reform

General. The operations of the Community, like other health care facilities throughout the country, will be affected on a day-to-day basis by numerous legislative, regulatory and industry-imposed operations and financial requirements which are administered by a variety of federal and state governmental agencies as well as by self-regulatory associations and commercial medical insurance reimbursement programs. Further, President Trump and Congressional Republicans have expressed continued intention to repeal and/or replace the hereinafter described Health Care Reform Act and to effectuate a substantial rollback of federal regulations across all facets of the federal government. However, a recent Congressional effort to enact such legislation was unsuccessful, thereby making the exact scope and timing of any such plans unclear. Accordingly, it is impossible to predict the effects of any such legislative or regulatory changes on the operations or financial condition of the Obligated Group's Facilities.

Additionally, nursing care facilities and assisted living facilities, including those such as the Community, are subject to numerous licensing, certification, accreditation, and other governmental requirements. These include, but are not limited to, requirements relating to Medicare participation and payment, requirements relating to state licensing agencies, private payors and accreditation organizations and certificate of need approval by state agencies of certain capital expenditures. Renewal and continuance of certain of these licenses, certifications, approvals and accreditations are based upon inspections, surveys, audits, investigations or other review, some of which may require or include affirmative action or response by the Obligor. An adverse determination could result in a loss, fine or reduction in the Obligor's scope of licensure, certification or accreditation, could affect the ability to undertake certain expenditures or could reduce the payment received or require the repayment of the amounts previously remitted. The Obligor currently anticipates no difficulty in renewing or continuing currently held licenses, certifications and accreditations.

Federal Health Care Reform. The "Patient Protection and Affordable Care Act" and "The Health Care and Education Affordability Reconciliation Act of 2010" (together referred to herein as the "Health Care Reform Act") were enacted in March 2010. Some of the provisions of the Health Care Reform Act took effect immediately while others will take effect over a ten-year period. Because of the complexity of the Health Care Reform Act generally, additional legislation modifying or repealing portions of the

Health Care Reform Act is likely to be enacted over time. The Health Care Reform Act provides changes on how consumers pay for their own and their families' health care and how employers procure health insurance for their employees. In addition, the Health Care Reform Act requires insurers to change certain underwriting practices and benefit structures in order to cover individuals who previously would have been ineligible for health insurance coverage. As a result, since the enactment of the Health Care Reform Act, there has been a significant increase in the number of individuals eligible for health insurance coverage. Associated with increased utilization will be increased variable and fixed costs of providing health care services, which may or may not be offset by increased revenues.

Some of the specific provisions of the Health Care Reform Act that may impact the Community include the following (this listing is not, is not intended to be, nor should be considered to be comprehensive):

With varying effective dates, the annual Medicare market basket updates for many providers, including skilled nursing, would be reduced, and adjustments to payment for expected productivity gains would be implemented.

The Health Care Reform Act includes the Community Living Assistance Services and Supports (CLASS) Act, which creates a national, voluntary, long-term care insurance program to supplement Medicaid and provide long-term care insurance, effective August 1, 2014.

With varying effective dates, the Health Care Reform Act mandates a reduction of waste, fraud and abuse in public programs by allowing provider enrollment screening, enhanced oversight periods for new providers and suppliers, and enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, and by requiring Medicare and Medicaid program providers and suppliers to establish compliance programs. The legislation requires the development of a database to capture and share healthcare provider data across federal healthcare programs and also provides for increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.

The Health Care Reform Act provides for the implementation of various demonstration programs and pilot projects to test, evaluate, encourage and expand new payment structures and methodologies to reduce health care expenditures while maintaining or improving quality of care, including bundled payments under Medicare and Medicaid, and comparative effectiveness research programs that compare the clinical effectiveness of medical treatments and develop recommendations concerning practice guidelines and coverage determinations. Other provisions encourage the creation of new health care delivery programs, such as accountable care organizations, or combinations of provider organizations, that voluntarily meet quality thresholds to share in the cost savings they achieve for the Medicare program. The Health Care Reform Act also

provides funding for establishment of a national electronic health records system. The outcomes of these projects and programs, including their effect on payments to providers and financial performance, cannot be predicted.

Health Care Reform Act provisions relating to skilled nursing facilities ("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, the Health Care Reform Act 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.

Health care providers are likely to be subjected to decreased reimbursement as a result of implementation of recommendations of the Health Care Reform Act-created Independent Payment Advisory Board, whose directive is to reduce Medicare cost growth. The recommended reductions would be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets.

It is difficult to predict the full long-term impact of the Health Care Reform Act 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. Additionally, Congressional Republicans, with the backing of President Trump, previously introduced a new health care reform bill seeking to repeal and replace all or a portion of the Health Care Reform Act. The focus of such legislation related to the individual and employer mandates, the exchanges, insurance industry regulations, the Medicaid expansion, and the taxes levied to fund the expenditures related thereto. However, efforts to enact such legislation were unsuccessful and as such, the timing of any repeal and/or replacement of the Health Care Reform Act, and whether it would be in whole or in part, remain unclear. It is also unclear how and when a replacement plan would be implemented. 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.

Nursing Staff Shortage

Recently the healthcare industry has experienced a shortage of nursing staff, which has resulted in increased costs for healthcare providers due to the need to hire agency nursing personnel at higher rates. Both the federal and state governments have implemented, or are considering implementing, legislative efforts to combat the health care industry's workforce shortages, including those in nursing. If the nursing shortage continues, it could adversely affect the Obligated Group's operations or financial condition.

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.

Fraud and Abuse Enforcement

Health care fraud and abuse laws were enacted at the federal and state levels to regulate both the provision of services to government program beneficiaries and the submission of claims for services rendered to such beneficiaries. Under these laws, individuals and organizations, such as the Obligor, can be punished for submitting claims for services that were not provided, not medically necessary, incorrectly coded, provided by an improper person, accompanied by an illegal inducement to utilize or refrain from utilizing a service or product, billed in a manner that does not comply with applicable government requirements, furnished in a substandard manner or other similar reasons.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud and abuse, including recoveries of amounts paid to the provider, imprisonment, exclusion of the provider from participation in the Medicare and Medicaid programs, civil monetary penalties and suspension of payments. Fraud and abuse cases may be prosecuted by one or more government entities and/or private individuals, and more than one of the available penalties may be imposed for each violation. The federal government has made the investigation and prosecution of health care fraud and abuse a priority and Congress has authorized significant funding of this effort. As a result, there have been a substantial number of investigations, prosecutions and civil enforcement proceedings of health care-related fraud and abuse in recent years.

Laws governing fraud and abuse apply to virtually all individuals and entities with which a health care provider does business, including hospitals, home health agencies, long-term care entities, infusion providers, pharmaceutical providers, insurers, health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs"), third party administrators, physicians, physician groups, physician practice management companies, ambulatory care entities, laboratories, diagnostic testing facilities, suppliers of medical items and services and other potential referral sources. Fraud and abuse prosecutions can have a catastrophic effect on such entities and a material adverse impact on the financial condition of other entities in the health care delivery system of which that entity is a part.

Federal Criminal Fraud and Abuse Liability of Health Care Providers. Both individuals and organizations may be subject to prosecution under several federal criminal fraud and abuse statutes. Criminal conviction for an offense related to a health care provider's participation in the Medicare program may result in substantial fines and/or the provider's suspension, exclusion or debarment from all government programs, including the Medicare program. Any such fines, exclusions or debarment could have a material adverse effect on the Obligor's financial condition. Even the assertion of a violation could have an effect. The following is a brief discussion of some (but not all) of these federal criminal statutes:

Criminal False Claims Act. The criminal False Claims Act ("Criminal FCA") prohibits anyone from knowingly and willfully making a false statement or misrepresentation of a material fact in submitting a claim to a government health care program (defined as "any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government" other than the Federal Employees Health Benefit Program). There are numerous specific rules that a health care provider must follow with respect to the submission of claims. Violation of the Criminal FCA can result in up to five years imprisonment and a fine of up to $250,000 for an individual and $500,000 for a corporation for a felony conviction, or $100,000 for an individual and $200,000 for a corporation for a misdemeanor conviction. Violation of the Criminal FCA also results in mandatory exclusion from participation in the government health care programs. Additionally, the State of Florida has enacted its own version of the Criminal FCA to which the Obligor is also subject.

Anti-Kickback Law. The federal anti-kickback law ("Anti-Kickback Law") is a criminal statute that prohibits the offering, payment, solicitation or receipt of remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, for (1) the referral of patients or arranging for the referral of patients to receive services for which payment may be made in whole or in part under a government health care program or any state health care program; or (2) the purchase, lease, order, or arranging for the purchase, lease or order of any good, facility, service or item for which payment may be made under a government health care program. Generally, courts have taken a broad interpretation of the scope of the Anti-Kickback Law. Courts have held that the Anti-Kickback Law may be violated if merely one purpose of a financial arrangement is to induce future referrals of federal or state health care program covered items or services.

The criminal sanctions for a conviction under the Anti-Kickback Law are imprisonment for not more than five years, a fine of not more than $25,000 or both, for each incident or offense, although this fine may be increased to $250,000 for individuals and $500,000 for organizations. If a party is convicted of a criminal offense related to participation in the Medicare program or any state health care program, or is convicted of

a felony relating to health care fraud, the secretary of the United States Department of Health and Human Services ("DHHS") is required to bar the party from participation in federal health care programs and to notify the appropriate state agencies to bar the individual from participation in state health care programs.

Because of the government's vigorous enforcement efforts, many health care providers may be subject to some type of government investigation for alleged Anti-Kickback Law violations involving relationships such as those between health care providers and physicians, as well as the operations of any nursing homes, home health agencies, hospices and ancillary service providers owned or operated by a health care provider. The outcome of any government efforts to enforce the Anti-Kickback Law against health care providers is difficult to predict and defense efforts can be costly. Violations of Anti-Kickback Law may also implicate civil False Claims Acts (discussed below) if the violating claim results from an illegal referral. Additionally, the State of Florida has enacted its own version of the Anti-Kickback Law to which the Obligor is also subject.

However, imposition of such penalties or exclusions may result in a significant loss of reimbursement and may have a material adverse effect on the Obligor's financial condition. Even the assertion of a violation could have a material adverse effect on the financial condition and results of operations of the Obligor.

OIG Advisory Opinions. In the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Congress provided for an advisory opinion process in conjunction with the Anti-Kickback Law. These advisory opinions are issued only to the requestors and cannot be relied on by any other individual or entity. The Obligor has not requested, and does not plan to request, an Office of the Inspector General ("OIG") Advisory Opinion with respect to issues or arrangements that the Obligor may have relating to Anti-Kickback Law, including compliance with the safe harbor provisions discussed below.

"Safe Harbor" Regulations. The Medicare and Medicaid Patient and Program Protection Act of 1987 required the DHHS to promulgate regulations to clarify that certain investment and payment practices in the health care industry would not violate the Anti-Fraud and Abuse Statute. In response, the DHHS has promulgated final "safe harbor" regulations that set forth requirements that, if met, will protect certain payment arrangements. The scope of these safe harbors is narrow, and the requirements are specific.

The scope of the Anti-Kickback Law is not expanded by way of the safe harbor regulations; these regulations give those who comply completely with a safe harbor the assurance that they will likely not be prosecuted under the statute. Parties to a particular venture or contemplating entering into a specific arrangement may seek an Advisory

Opinion from the OIG to ascertain whether the arrangement will meet the requirements of a safe harbor or otherwise will violate the Anti-Kickback Law.

Federal Civil Fraud and Abuse Liability of Health Care Providers. Unlike criminal statutes, which require the government to prove that the health care provider intended to violate, or recklessly disregarded, the law, civil statutes may be violated simply by the provider's participation in a prohibited financial arrangement or actual or assumed knowledge that its claims procedures are not in full compliance with the law. The following is a brief discussion of some (but not all) of these federal civil fraud and abuse statutes:

Civil False Claims Act. The civil False Claims Act ("Civil FCA"), which has become one of the federal government's primary weapons against health care fraud, allows the government to recover significant damages from persons or entities that submit false or fraudulent claims for payment to a federal agency. With respect to certain types of required information, the Civil FCA and the Social Security Act may be violated by mere negligence or recklessness in the submission of information to the government even without any specific intent to defraud. New billing systems, new medical procedures and procedures for which there is not clear guidance may all result in liability. If a health care provider is found to have violated the Civil FCA, the potential liability is substantial and, for serious or repeated violations, may include significant fines and/or civil monetary penalties and exclusion from participation in the Medicare program.

The Civil FCA also provides for a private individual to initiate a civil action for a violation of the Act. These actions are referred to as Qui Tam actions. In this way, an individual, known as a whistleblower would be able to sue on behalf of the U.S. Government upon belief that a healthcare entity has violated the Civil FCA. If the government proceeds with an action brought by this individual, then the whistleblower could receive as much as 25% of any money recovered. The potential exists that a Qui Tam action could be brought against the Obligor in the future. Additionally, the State of Florida has also enacted its own version of the criminal FCA to which the Obligor is also subject.

Stark Law. Current federal law (known as the "Stark" law provisions) prohibits providers of "designated health services" from billing Medicare when the patient is referred by a physician or an immediate family member with a financial relationship with the provider, unless the financial relationship fits into a statutory or regulatory exception. The sanctions under the Stark law include denial and refund of payments, civil monetary penalties and exclusions from the Medicare program.

The Stark law includes specific reporting requirements providing that each entity furnishing covered items or services, upon request, must provide the Secretary of DHHS with certain information concerning its ownership, investment and compensation

arrangements. Failure to adhere to these reporting requirements may subject the entity to significant civil money penalties.

In light of the scarcity of case law interpreting the Stark law, there can be no assurances that the Obligor will not be found to have violated the Stark law, and if so, whether any sanction imposed would have a material adverse effect on the operations or the financial condition of the Obligor. Additionally, the State of Florida has enacted its own version of the Stark law to which the Obligor is also subject.

Civil Provisions of Anti-Kickback Law. The federal Anti-Kickback Law, discussed above, also includes civil standards and penalties for conduct that implicates this statute but falls short of the necessary level of intent and knowledge to be criminal. In the Balanced Budget Act of 1997, Congress expanded civil sanctions under the Anti-Kickback Law to include civil money penalties of $50,000 for each prohibited act and up to "three times the total amount of remuneration offered, paid, solicited, or received, without regard to whether a portion of such remuneration was offered, paid, solicited, or received for a lawful purpose."

Administrative Enforcement. As with civil laws, administrative enforcement provisions require a lower standard of proof of a violation than the criminal standard. Thus, health care providers have a risk of incurring monetary penalties as a result of an administrative enforcement action.

Civil Monetary Penalty Statute. 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, a health care provider 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. Pursuant to the Health Care Reform Act, Congress 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 OIG 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 monetary penalties plus three times the amount claimed. The Centers for Medicare and Medicaid Services ("CMS") rules adopted to implement applicable provisions of the Health Care Reform Act also provide that assessed civil monetary penalties may be collected and placed in whole or in part into an escrow pending final disposition of the applicable administrative and judicial appeals processes. To the extent the Obligor is assessed large

civil monetary penalties that are collected and placed into an escrow account pending lengthy appeals, such actions could adversely affect its results of operations.

Exclusions from Medicare Participation. The term "exclusion" means that no Medicare or state health care program reimbursement (Medicaid) will be made for any services rendered by the excluded party or for any services rendered on the order or under the supervision of an excluded physician. The Secretary of DHHS is required to exclude from federal health care program participation for not less than five years any individual or entity convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program; any criminal offense relating to patient neglect or abuse in connection with the delivery of health care; a felony relating to fraud, theft, embezzlement, breach of fiduciary responsibility or other misdemeanor in connection with the delivery of health care services or with respect to any act or omission in a health care program (other than Medicare or a state health care program) operated by or financed in whole or in part by a governmental agency; or a felony offense relating to the illegal manufacture, distribution, prescription or dispensing of a controlled substance. The Secretary also has permissive authority to exclude individuals or entities under certain other circumstances, such as a misdemeanor conviction for fraud in connection with delivery of health care services or conviction for obstruction of an investigation of a health care violation. The minimum period of exclusion for certain permissive exclusions is three years. While the Obligor currently views such an occurrence as highly unlikely, any future exclusion of the Obligor could have a material impact on its ability to make payments on the Series 2018 Notes.

Enforcement Activity. Enforcement activity against health care providers is increasing, and enforcement authorities are adopting more aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals, physician groups and other health care providers will be subject to investigation, audit or inquiry regarding billing practices or false claims. As with other health care providers, the Obligor may be the subject of Medicare, OIG, U.S. Attorney General, Department of Justice, state attorney general investigations, audits or inquiries in the future. Because of the complexity of these laws, the instances in which an alleged violation may arise to trigger such investigations, audits or inquiries is increasing and could result in enforcement action against the Obligor.

Regardless of the merits of a particular case or cases, the Obligor could incur significant legal and settlement costs. Prolonged and publicized investigations could be damaging to the reputation, business and credit of the Obligor and certain of its affiliates, regardless of the outcome, and could have material adverse consequences on the financial condition of the Obligated Group.

Other Sources of Liability for Health Care Providers

Health care providers may be subject to criminal prosecution and civil penalties under a variety of federal laws in addition to those discussed in the previous paragraphs.

The confidentiality and security of patient medical records and other health information is subject to considerable regulation by state and federal governments. The administrative simplification provisions of HIPAA as amended by the Health Information Technology for Economic and Clinical Health Act, or the "HITECH Act," under the American Recovery and Reinvestment Act of 2009 ("ARRA") which was signed into law on February 17, 2009, established programs under Medicare and Medicaid for privacy and security of patient identifiable information, provided incentive payments for the "meaningful use" of certified electronic health records technology, and mandated that standards and requirements be adopted for the electronic transmission of certain health information. DHHS has issued a series of regulations to comport with these requirements.

The ARRA contained significant changes to HIPAA including a new requirement that covered entities must make notification in the event of a material breach of privacy, security or integrity of protected health information to individuals, DHHS, and in certain instances, depending on the number of people whose information was subject to the breach, to the media. In addition, the ARRA increased the liability of business associates of covered entities and places additional administrative responsibilities on health care providers and other covered entities regarding the privacy and security of health information. Pursuant to the ARRA, DHHS will be required to conduct periodic HIPAA compliance audits to ensure that covered entities, including health care providers, are complying with HIPAA and the new requirements created by the ARRA.

Congress also established criminal penalties for knowingly violating patient privacy. Criminal penalties include up to $50,000 and one year in prison for obtaining or disclosing protected health information; up to $100,000 and up to five years in prison for obtaining protected health information under "false pretenses"; and up to $250,000 and up to ten years in prison for obtaining or disclosing protected health information with the intent to sell, transfer or use it for commercial advantage, personal gain or malicious harm. In addition, the ARRA authorizes state attorneys general to bring civil actions seeking either an injunction or damages in response to violations of HIPAA privacy and security regulations that threaten state residents.

The Obligor has incurred and continues to incur significant costs in implementing the policies and systems required to comply with these new requirements. The Obligor is considered a covered entity under HIPAA and intends to continue operating in compliance with HIPAA. Additionally, the State of Florida has enacted the Florida Information Protection Act of 2014 that protects an even broader range of patient information and to which the Obligor is also subject.

If the Obligor is found to have violated any state or federal statute or regulation with regard to the security, confidentiality, dissemination or use of patient medical information, it could be liable for damages, or civil or criminal penalties. These standards impose very complex procedures and operational requirements with which the Obligor is required to comply. There can be no assurance that differing interpretations of existing laws and regulations or the adoption of new laws and regulations would not have a material adverse effect on the ability of the Obligor to obtain or use health information which, in turn, could have a material adverse effect on the business of the Obligor. Similarly, because of the complexity of these regulations, there can be no assurances that the Obligor would not be reviewed, found to violate these standards and assessed penalties for such violations.

Medicare Program

Currently, the Obligor's Health Center is licensed for Medicare (but not Medicaid). For the Fiscal Year ended December 31, 2017, approximately 19.0% of the total payor days for the skilled nursing beds in the Health Center were generated by Medicare patients. See "THE COMMUNITY - Health Center" in APPENDIX A hereto.

The Obligor is subject to highly technical regulations by a number of federal, state and local government agencies and private agencies, including those that administer the Medicare program. Changes in the structure of the Medicare system, as well as potential limitations on payments from governmental and other third party payors, could potentially have an adverse effect on the results of operations of the Obligated Group. Actions by governmental agencies concerning the licensure and certification of the Community or the initiation of audits and investigations concerning billing practices could also potentially have an adverse effect on the results of operations of the Obligated Group.

There is an expanding and increasingly complex body of law, regulation and policy (both federal and state) relating to the Medicare program, 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 (see "Fraud and Abuse Enforcement" and "Administrative Enforcement" above). 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 Medicare program. 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.

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 thirty (30) days of discharge from a qualifying hospital stay. Medicare Part A covers nursing services furnished by or under the supervision of a registered professional nurse, as well as physical, occupational, and speech therapy provided by the SNF. "Ancillary" services furnished to the non-Medicare Part A SNF patients are also covered under Medicare Part B. SNF services for Medicare Part A inpatient stays are reimbursed for up to one hundred (100) days for each spell of illness. Medicare payments are subject to coinsurance and deductibles from the patient.

Payments of Medicare patients in SNFs are now based on a Prospective Payment System ("PPS"). Under the PPS, SNFs are paid a single per diem rate per resident according to the Resource Utilization Group ("RUG") to which the patient is assigned. RUG rates are based on the expected resource needs of patients and cover routine services, therapy services, and nursing costs. SNF PPS payment rates are adjusted annually based on the skilled nursing facility "market basket" index, or the cost of providing SNF services. 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 Act also required the Secretary of DHHS to develop a "value based" purchasing program (based on performance and quality measures and other factors) for skilled nursing facilities. 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 skilled nursing facilities. Compliance with the performance and other quality performance measures will be essential for full reimbursement under the Medicare Program. Starting in 2014, the Health Care Reform Act requires 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 skilled nursing facilities. Because the Health Care Reform Act 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. 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.

Possible Changes in Tax Status

The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Obligor of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Obligated Group and thereby the revenues thereof. The Obligor has obtained a letter from the Internal Revenue Service determined that it 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, the Obligor is subject to a number of requirements affecting its operation. The failure of the Obligor to remain qualified as an exempt organization would affect the funds available to the Obligor for payments to be made under the Loan Agreement. Failure of the Obligor 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 Bondholders or former Bondholders 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 nonprofit corporations. 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.

Rights of Residents

Although the Residency Agreements given to each resident of the Community a contractual right to use space and not any ownership rights in the Mortgaged Property, in

the event that the Bond Trustee or the registered holders of the Bonds seek to enforce any of the remedies provided by the Bond Indenture, the Loan Agreement, the Series 2018 Notes or the Mortgage upon the occurrence of a default under any or all of such documents, it is impossible to predict the resolution that a court might make of competing claims between the Bond Trustee or the registered holders of the Bonds and a resident of the Community who has full complied with all the terms and conditions of his or her Residency Agreement.

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 community'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.

Lack of Marketability for the Bonds

There is no assurance that the ratings assigned to the Bonds will not be lowered or withdrawn at any time. The effect of such revisions to the rating could adversely affect market price for and marketability of the Bonds. See "RATING" herein.

Although the Underwriter intends, but is not obligated, to make a market for the Bonds, there can be no assurance that there will be a secondary market for the Bonds, and the absence of such a market for the Bonds could result in investors not being able to resell the Bonds, or at a particular price, should they need to or wish to do so.

Bankruptcy

If the Obligor were to file a petition for relief under the Federal 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 the Obligor 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 Obligor's property, including their accounts receivable and proceeds thereof, could be used for the benefit of the Obligor 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 bondholders portions of revenues consisting of Medicare and other governmental receivables.

On April 20, 2005, the Healthcare Bankruptcy Bill was enacted (the "Healthcare Bankruptcy Act"). The stated goal of the Healthcare Bankruptcy Act was to encourage healthcare 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 healthcare programs.

In the event of bankruptcy of the Obligor, 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 Obligor, 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.

Additional Indebtedness

As previously noted, the Master Indenture permits the Obligated Group to incur Additional Indebtedness which may be equally and ratably secured with the Series 2013 Notes and Series 2018 Notes. Any such additional parity indebtedness would be entitled to share ratably with the holders of the Series 2013 Notes and the Series 2018 Notes in

any moneys realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of additional parity indebtedness could reduce the maximum Annual Debt Service Coverage Ratio and could impair the ability of the Obligated Group to maintain its compliance with certain covenants described in "The Master Indenture" in APPENDIX C hereto. There is no assurance that, despite compliance with the conditions upon which 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 2013 Notes and the Series 2018 Notes may not be materially adversely affected upon the incurrence of Additional Indebtedness.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Obligor and any future Member of the Obligated Group under the Series 2018 Notes 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 Obligor and any future Member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including the Series 2018 Notes pledged under the related Bond Indenture as security for the related series of Bonds. The obligations described herein of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Obligations issued by a member other than the member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Member of the Obligated Group may fall within the

categories (ii) and (iii) above with respect to the Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to pay debt service on the Series 2018 Notes 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.

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.

Pursuant to the Master Indenture, each Member of the Obligated Group who 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 Obligor as to enforceability of such covenant with respect to the required deposits.

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, each Member of the Obligated Group may be subject to liability for investigating and remedying 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 a Member of 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 Mortgaged Property was subject to a "Phase I" environmental assessment by Aerostar SES, LLC ("Aerostar"). The report, dated January 30, 2013, concluded "no evidence of recognized environmental conditions" exist with respect to the Mortgaged Property other than concerns related to a dry cleaning facility located on an adjacent parcel. To alleviate such concerns, the report recommended performing groundwater sampling on the portion of the site abutting the property where the dry cleaning facility is located. In response to said recommendation the Obligor engaged Aerostar to perform a "Phase II" environmental site assessment, which was commenced on February 20, 2013 and, among other activities, included ground water testing for contaminants on that portion of the Mortgaged Property adjacent to the property on which the dry cleaning facility is located. While traces of the types of chemicals used in dry cleaning were detected in the ground water samples, the detected concentrations do not exceed the limits established by the Florida Administrative Code as the ground water cleanup target level, though the concentrations are very close to such level. Based on the results of its investigation, Aerostar did not recommend any additional assessment at this time, but did recommend that the Obligor consult with legal counsel concerning potential impacts from the dry cleaning facility. The Obligor has taken this recommendation under advisement.**]**

At the present time management of the Obligor is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental issues with respect to the Mortgaged Property or the Community which, if determined adversely to the Obligor, would have a material adverse effect on its operations or financial condition.

Taxation of Interest on the Bonds

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 Obligor and the Issuer 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 Obligor or the Issuer 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.

Bond Examinations

IRS officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use. In 2007 the IRS sent approximately two hundred post-issuance compliance questionnaires to nonprofit corporations that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their bonds. The questionnaire included questions relating to the nonprofit corporation's (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies and (v) voluntary compliance and education. On September 11, 2008, the IRS issued an interim report analyzing the responses from the completed questionnaires. The report indicates that there are significant gaps in the implementation by nonprofit corporations of post-issuance and record retention procedures for tax-exempt bonds. IRS representatives indicate that after analyzing responses from the first wave of questionnaires, thousands more will be sent.

Construction Risk

Construction of the Project is subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits, plats, site plans 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; actions, inactions, laws, regulations and requirements of federal, state, county, city or local governments; actions or inactions of adjacent landowners; insurrections; riots; adverse conditions not reasonably anticipated or other causes beyond the control of the Obligor or its contractors. Such events could result in delaying the marketing, construction and substantial completion of the Project and thus the revenue flow therefrom. 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 Project based upon the fixed price obtained from the contractor for the Project. However, cost overruns may occur due to change orders and other factors. In addition, the date of substantial completion may be extended by reason of changes authorized by the Obligor, delays due to acts or neglect of the Obligor or by independent contractors employed by the Obligor or by labor disputes, fire, unusual delay in transportation, adverse conditions not reasonably anticipated, unavoidable casualties or any causes beyond the control of the contractors. Cost overruns could also result in the Obligor not having sufficient moneys to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay debt service on the Bonds.

There can be no assurances given that the Project will be completed, or that it can be completed for the cost and within the time as described in this Official Statement. Failure to complete the Project, or to complete it in a timely fashion at the estimated cost,

could adversely affect the ability of the Obligor to generate sufficient revenues to continue its planned operations and to make payments with respect to the Bonds. For example, the plan of finance assumes that 2018 Project Initial Entrance Fees will be used to fund the Working Capital Fund and Operating Reserve Fund and to redeem the Series 2018B Bonds. If the completion of the Project is delayed, the receipt of 2018 Project Initial Entrance Fees necessary for such purposes, as well as the receipt of monthly service fees necessary to fund operations, may be adversely impacted.

Construction Consultant Approval of Construction Draws

The ability of the Obligor to receive disbursements from the Project Account of Construction Fund held under the Bond Indenture is subject to compliance by the Obligor with various requirements of the Construction Disbursement and Monitoring Agreement by and among the Obligor, _____, (the "Construction Monitor") and the Bond Trustee. If the conditions to receipt of disbursements are not met, the Construction Monitor may temporarily suspend certain items within a construction draw or the entire construction draw. A temporary suspension of funding might cause delay in completion and related cost overruns. Proceeds remaining in the Construction Fund together with other funds held under the Bond Indenture may not be sufficient to pay the principal of the Bonds upon acceleration.

Property and Casualty Insurance

Pursuant to the Master Indenture, the Obligated Group maintains insurance coverage (including one or more self-insurance or shared or pooled-insurance programs) to protect it and its Property and operations, including without limitation professional liability claims. Recent hurricane seasons and the performance of the stock markets have reduced the number and quality of providers in the insurance industry which has led to increased premiums and reduced coverage for purchasers of insurance. Management of the Obligor believes that the current coverage limits provide reasonable coverage under the circumstances to protect the Community, which coverage is consistent with the coverage generally available to similarly situated communities. Nevertheless, should losses exceed insurance coverage, it could have a material adverse effect on the financial condition of the Obligated Group. Moreover, the Obligor is unable to predict the cost or availability of any such property and casualty insurance when its current coverage expires.

Amendments to Documents

Certain amendments to the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgage may be made without notice to or the consent of the holders of the Bonds. Such amendments could affect the security for the Bonds. Certain amendments, however, are not permitted without the consent of the holder of each outstanding Bond affected thereby, including (1) extensions in the stated maturity of the

principal, or any installment of interest on, any Bond, or (2) any reduction in the principal amount of or interest on any Bond. See "The Master Indenture - Amendments and Waivers," "The Bond Indenture - Supplemental Bond Indenture," and "The Loan Agreement - Amendments, Changes and Modifications" in APPENDIX C hereto.

Other Possible Risk Factors

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

(1) 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;

(2) Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;

(3) 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;

(4) A decline in the population, a change in the age composition of the population or a decline in the economic conditions of the Community's market area;

(5) The cost and availability of energy;

(6) 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;

(7) 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;

(8) Inflation or other adverse economic conditions;

(9) Reinstatement or establishment of mandatory governmental wage, rent or price controls;

(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) Changes in the tax laws and regulations eliminating or adversely impairing the value of the tax exemption afforded the Bonds;

(12) 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 or funded from assets of the Obligated Group;

(13) Scientific and technological advances that could reduce demand for services offered by the Obligated Group;

(14) 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 and other facilities of the Obligated Group, interrupt utility service to the Facilities and such facilities, or otherwise impair the operation and generation of revenues from said facilities; or

(15) 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 Department of Insurance of the State of Florida (the "Insurance Department") under the provisions of Chapter 651, Florida Statutes, as amended ("Chapter 651"). Under Chapter 651, "continuing care" means 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. "Entrance fee" means an initial or deferred payment of a sum of money or property made as full or partial payment to assure the resident a place in a facility. An accommodation fee, admission fee or other fee of similar form and application is considered to be an entrance fee.

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 the Insurance Department. A final certificate of authority may be issued after the applicant has provided the Insurance Department with the information and documents required by

Chapter 651. The Obligor received a final certificate of authority for the Community, which remains in full force and effect.

Once issued, a certificate of authority is renewable annually as of each September 30 upon a determination by the Insurance Department 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 Insurance Department annually on or before each May 1. If a provider fails to correct deficiencies within 20 days of notice from the Insurance Department, and if the time for correction is not extended, the Insurance Department 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, including property taxes; (b) an operating reserve in an amount equal to 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 3-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 3 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, savings and loan association or trust company acceptable to the Insurance Department and, in the case of the operating reserve, must be in an unencumbered account held in escrow for the benefit of the residents. The Reserve Fund established with the Bond Trustee pursuant to the Bond Indenture and the escrow account established with U.S. Bank National Association, as escrow agent, are intended to meet the requirements of Chapter 651 for those reserves (the "Required Reserves").

Chapter 651 requires the escrow agent holding the Required Reserves to deliver to the Insurance Department quarterly reports on the status of the escrow funds, including balances, deposits and disbursements. Chapter 651 provides that withdrawals can be made from the Required Reserves only after ten days' prior written notice to the Insurance Department, except that in an emergency the provider may petition for a waiver of such ten-day notice requirement (a waiver being deemed granted if not denied by the Insurance Department within three working days). Fines may be imposed for failure to deliver the quarterly reports or notices of withdrawal within the required time periods.

Continuing Care Agreements and Residents' Rights

Chapter 651 prescribes certain requirements for continuing care agreements and requires Insurance Department 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 4% of the entrance fee, and must pay the refund within 120 days of notice of cancellation. The Resident Agreements for the Community 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. 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. If cancellation occurs after seven days, but prior to occupancy, the entire entrance fee must be refunded, less a processing fee not exceeding 4%, 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 a resident may not be dismissed or discharged without just cause. 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 Insurance Department and any examination reports prepared by the Insurance Department or any other governmental agencies (except those which are required by law to be kept confidential). 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 Insurance Department relating to expansion of the facility or any additional financing or refinancing.

Examinations and Delinquency Proceedings

The Insurance Department 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 Insurance Department is required to notify the provider of any discrepancies and to set a reasonable time for corrective action and compliance by the provider.

The Insurance Department may deny, suspend, revoke or refuse to renew 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 Insurance Department; 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 Insurance Department 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). In lieu of suspension, administrative fines may be levied, not exceeding $1,000 per violation, or $10,000 for knowing and willful violations.

If the Insurance Department 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 Insurance Department 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 Insurance Department requirements.

Chapter 651 provides that the rights of the Insurance Department 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. However, if the Insurance Department 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, shall be honored and shall not be disturbed or affected (except as described below) 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 Insurance Department shall 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, the Insurance Department shall 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.

FINANCIAL REPORTING AND CONTINUING DISCLOSURE

Financial Reporting

The Master Indenture requires that the Obligated Group Representative provide to each Required Information Recipient, the following:

(i) Quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, and a calculation of Days Cash on Hand, Historical Debt Service Coverage Ratio and Occupancy and Health Center payor mix, for such fiscal quarter all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such financing statements and calculations will be

accompanied by a comparison to the annual budget provided pursuant to subparagraph (iii) below.

If the Historical Debt Service Coverage Ratio for the Obligated Group for any Fiscal Year is less than 1.00:1 and Days Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in the Master Indenture, the Obligated Group will deliver the financial information and the calculations described in the above paragraph on a monthly basis within 45 days of the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.00:1 and Days Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement.

(ii) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants preparing such report containing calculations of the Obligated Group's Historical Debt Service Coverage Ratio and Days Cash on Hand for said Fiscal Year and a statement that such accountants have no knowledge of any default under the Master Indenture, or if such accountants have obtained knowledge of any such default or defaults, they are required to disclose in such statement the default or defaults and the nature thereof.

(iii) On or before the date of delivery of the financial reports referred to in paragraph (ii) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying Days Cash on Hand and the Historical Debt Service Coverage Ratio as of the end of such month or Fiscal Year, as appropriate, and (C) attaching a summary of the Obligated Group's annual operating and capital budget for the coming Fiscal Year.

(iv) On or before the date of delivery of the financial reports referred to in paragraphs (i) and (ii) above, a management's discussion and analysis of results for the applicable fiscal period and, assuming the Health Center Project is undertaken, will include a report on the progress of the Health Center Project and any deviations from the approved project budget and timeline.

(v) Copies of (A) any board-approved revisions to the summary of the annual budget provided pursuant to paragraph (iii) above, or (B) any correspondence to or from the Internal Revenue Service concerning the status of the Obligor as an organization

described in Section 501(c)(3) of the Code or with respect to the tax-exempt status of the Bonds, promptly upon receipt.

(vi) Until substantial completion of the Beacon Pointe Expansion Project, the Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient (and the Master Trustee shall have no duty or obligation to review or examine the contents thereof) commencing _____, monthly reports, as soon as practicable after they are available but in no event more than 30 days after the completion of such calendar month (A) regarding whether the construction of the Beacon Pointe Expansion Project is within the construction budget and if not, a brief explanation and a copy of any revised budget, and on schedule with the construction timetable and if not, a brief explanation and a copy of any revised timetable, and (B) reconciling the amount of construction contingency remaining and the uses of the contingency funds to date.

(vii) Such additional information as the Master Trustee, the Bond Trustee or Bondholder may reasonably request concerning any Member of the Obligated Group.

Continuing Disclosure

General. Inasmuch as the Bonds are limited obligations of the Issuer, the Issuer has determined that no financial or operating data concerning it is material to any decision to purchase, hold or sell the Bonds, and the Issuer will not provide any such information. The Obligor has undertaken all responsibilities for any continuing disclosure to holders of the Bonds as described below, and the Issuer shall have no liability to the holders or any other person with respect to such disclosures. The Obligor has covenanted for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption), pursuant to a Continuing Disclosure Certificate (the "Disclosure Certificate") to be executed and delivered by the Obligor, to provide or cause to be provided (i) each year, certain financial information and operating data relating to the Obligated Group (the "Annual Report") by not later than each April 30 after the last day of the fiscal year of the Obligated Group, commencing with the Annual Report for the fiscal year ending December 31, 2018; provided, however, that if the audited financial statements of the Obligated Group are not available by such date, unaudited financial statements will be included in the Annual Report and audited financial statements will be provided when and if available; and (ii) timely notices of the occurrence of certain enumerated events, if material. Currently the fiscal year of the Obligated Group commences on January 1. "Beneficial Owners" means the beneficial owner of any Bond held in a book-entry only system. In addition, the Obligor will provide the Dissemination Agent and the Repositories, as defined in the Disclosure Agreement, a copy of any information provided pursuant to the Master Indenture as described above under the subcaption "Financial Reporting" (the "Additional Information"). See "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto as APPENDIX G.

The Annual Report and the Additional Information will be filed by or on behalf of the Obligor and made available to holders of the Bonds through EMMA (http://emma.msrb.org), the information repository of the Municipal Securities Rulemaking Board, to comply with Rule 15c2-12 (as amended from time to time the "Rule") of the Securities and Exchange Commission (the "SEC"). These covenants have been made in order to assist the Underwriter and registered brokers, dealers and municipal securities dealers in complying with the requirements of the Rule.

Notice of Certain Events, If Material. The Obligor covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner and in accordance with the Rule:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financing difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of the owners of the Bonds;

(8) Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation or acquisition involving the obligated person or 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 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.

Annual Report. The Annual Report will contain or incorporate by reference at least the following items:

(a) The audited financial statements of the Obligated Group for the fiscal year ending immediately preceding the due date of the Annual Report; provided, however, that if such audited financial statements are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements shall be included in the Annual Report. The financial statements shall be audited and prepared pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles.

(b) The Additional Information required by the Master Indenture.

The Obligor may modify from time to time the specific types of information provided to the extent necessary to conform to changes in legal requirements, provided that any such modification will be done in a manner consistent with the Rule and will not materially impair the interests of the Bondowners.

Any or all of the items listed above may be included by specific reference to other documents which previously have been provided to each of the repositories described above or filed with the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Obligor shall clearly identify each such other document as included by reference.

Failure to Comply. In the event of a failure of the Obligor to comply with any provision of the Disclosure Agreement, any owner of Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Obligor to comply with the obligations under the Disclosure Agreement. A failure to comply with the Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture. The sole remedy under the Disclosure Agreement in the event of any failure of the Obligor to comply with the Disclosure Agreement shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damage thereunder under any circumstances.

Amendment of the Disclosure Agreement. The provisions of the Disclosure Agreement, including but not limited to the provisions relating to the accounting principles pursuant to which the financial statements are prepared, may be amended as deemed appropriate by an authorized officer of the Obligor but any such amendment must be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretation thereof made from time to time by the SEC. Such interpretations currently include the requirements that (a) the amendment may only be

made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Obligated Group or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondowners, as determined by parties unaffiliated with the Obligor (such as independent legal counsel). The foregoing interpretations may be changed in the future.

Compliance with Prior Undertakings. **[**In connection with the issuance of certain Series 1999 Bonds (which were refunded with the proceeds of the Series 2013A Bonds) the Obligor entered into an undertaking in accordance with the Rule. During the period 2007 - 2011, the Obligor failed to either provide the required information or did not do so in a timely manner in accordance with such undertaking. The Obligor has subsequently filed all of the required information and, in connection with the issuance of the Bonds, has implemented procedures to ensure that the Annual Report and other required information under the Disclosure Agreement are filed in a timely manner.**][**TO BE UPDATED**]**

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the Issuer except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Issuer, and certain additional financial information, unless the Issuer believes in good faith that such information would not be considered material by a reasonable investor.

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

The Obligor has not defaulted in any payment of principal or interest after December 31, 1975.

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 Issuer under which they are or are to be issued, respectively.**][**TO BE CONFIRMED**]**

Obligor

[There is no litigation pending or, to the Obligor's knowledge, threatened against the Obligor, wherein an unfavorable decision would (i) adversely affect the ability of the Obligor to construct the 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 Obligor.**][**TO BE CONFIRMED**]**

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified opinion of Bond Counsel. Foley & Lardner LLP has acted in the capacity as Bond Counsel for the purpose of rendering an opinion with respect to the authorization, issuance, delivery, legality and validity of the Bonds and for the purpose of rendering an opinion on the exclusion of the interest on the Bonds from gross income for federal income tax purposes and certain other tax matters and as Counsel to the Obligated Group.

Certain matters will be passed upon for the Issuer by its counsel, Alan C. Jensen, Attorney at Law, Jacksonville Beach, Florida; for the Obligated Group by its counsel, Foley & Lardner LLP; and for the Underwriter by its counsel, Nabors, Giblin & Nickerson, P.A.

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

TAX MATTERS

In the opinion of Foley & Lardner LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel observes that federal tax legislation signed by the President on December 22, 2017, repeals the corporate alternative minimum tax for the tax years beginning after 2017 and modifies the individual alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Corporation have covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

The opinion of Bond Counsel relies on factual representations made by the Issuer, the Corporation and other persons, including but not limited to the Underwriter. These factual representations include but are not limited to certifications by the Corporation regarding the investment of proceeds of the Bonds and regarding use of property financed and refinanced with proceeds of the Bonds that is reasonably expected to occur during the entire term of the Bonds. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds.

Certain requirements and procedures contained or referred to in the Bond Indenture, the Loan Agreement, the Tax Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds)

may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Florida taxation to the extent described herein, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion. Further, no assurance can be given that any action of the Internal Revenue Service, including but not limited to selection of the Bonds for examination, or the course or result of any IRS examination of the Bonds, or bonds which present similar tax issues, will not affect the market price for or marketability of the Bonds.

The opinion of Bond Counsel is based on current legal authorities, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service, or the courts, and is not a guarantee of result. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Corporation or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. The Issuer and the Corporation have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Corporation or the Beneficial owners regarding the tax-exempt status of the Bonds in the event of an examination by the Internal Revenue Service. Under current procedures, parties other than the Issuer, the Corporation and their appointed counsel, including the Beneficial Owners, may have little, if any, right to participate in the examination process. Moreover, because achieving judicial review in connection with an examination of tax-exempt bonds is difficult, obtaining an independent review of Internal

Revenue Service positions with which the Issuer or the Corporation legitimately disagrees, may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Bonds for examination, or the course or result of such examination, or an examination of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the Corporation or the Beneficial Owners to incur significant expense.

Original Issue Discount

Some of the Bonds may have an issue price that is less than the amount payable at the maturity of such Bonds (hereinafter called the "Discount Bonds"). Under existing law, the original issue discount in the selling price of the Discount Bonds, to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the "issue price").

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption, or payment at maturity) of such Discount Bond.

Owners of Discount Bonds who did not purchase such Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in

the year of accrual, even though there will not be a corresponding cash payment until a later year.

Original Issue Premium

Some of the Bonds may have an issue price that is greater than the amount payable at the maturity of such Bonds (hereinafter called the "Premium Bonds"). Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at an issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

Other Tax Consequences of the Bonds

Bond Counsel is of the opinion that the Bonds and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owed to corporations as imposed by Chapter 220, Florida Statutes, as amended. The ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The above discussion is only a brief summary of the effects of the Code, and each prospective purchaser of the Bonds should consult with his or her own tax advisor regarding the federal, state and local tax consequences of owning the Bonds.

ADDITIONAL RISK FACTORS REGARDING FEDERAL INCOME TAX MATTERS

Federal Tax Matters

Tax Exemption for Nonprofit Corporations. Loss of tax-exempt status by any Member of the Obligated Group could result in loss of tax exemption of the Bonds and of other tax-exempt debt which may be issued in the future for the benefit of the Obligated Group. Such event could have material adverse consequences on the financial condition of the Obligated Group.

The maintenance by each Member of the Obligated Group of its status as an organization described in Section 501(c)(3) of the Code is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals. The Internal Revenue Service has announced that it intends to closely scrutinize transactions between not-for-profit corporations and for-profit entities. Because the Members of the Obligated Group conduct large-scale and diverse operations involving private parties, there can be no assurance that certain of its transactions would not be challenged by the Internal Revenue Service.

The Taxpayers Bill of Rights 2, referred to for purposes of this Official Statement as the Intermediate Sanctions Law, allows the Internal Revenue Service to impose "intermediate sanctions" against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the Internal Revenue Service was revocation of an organization's tax-exempt status. Intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider") (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as "excess benefit transactions." A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $10,000. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organizational manager) if the excess benefit is not corrected within a specified period of time.

Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, an audit of a Member of the Obligated Group could result

in additional taxes, interest and penalties. An audit could ultimately affect the tax-exempt status of such Member, as well as the exclusion from gross income for federal income tax purposes of the interest payable with respect to the Bonds and other tax-exempt debt of the Obligated Group.

In addition to the foregoing proposals with respect to income by not-for-profit corporations, various state and local governmental bodies have challenged the tax-exempt status of not-for-profit institutions and have sought to remove the exemption of property from real estate taxes of part or all of the property of various not-for-profit institutions on the grounds that a portion of property of the institutions was not being used to further the charitable purposes of the institutions or that the institutions did not provide sufficient care to indigent persons so as to warrant exemption from taxation as charitable institutions. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of not-for-profit corporations. There can be no assurance that future changes in the laws and regulations of federal, state or local governments will not materially adversely affect the operations and financial condition of the Borrower by requiring it to pay income or local property and sales taxes.

Tax-Exempt Status of Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States, and a requirement that the issuers file an information report with the Internal Revenue Service. The Borrower has agreed that it will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of the interest on the Bonds as taxable. Such adverse treatment may be retroactive to the date of issuance. See "TAX MATTERS" herein.

Bond Examinations. Internal Revenue Service officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use. In addition, the Internal Revenue Service has sent several hundred post-issuance compliance questionnaires to nonprofit corporations that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their bonds. The questionnaire includes questions relating to the borrower's (i) record retention, which the Internal Revenue Service has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies and (v) voluntary compliance and education.

Internal Revenue Service representatives indicate that, after analyzing responses from the first wave of questionnaires, thousands more will be sent.

There can be no assurance that these surveys will not lead to an Internal Revenue Service review of any Member of the Obligated Group that could adversely affect the market value of the Bonds or of other outstanding tax-exempt indebtedness of such Obligated Group Member or result in a loss of the exclusion from gross income for federal income tax purposes of interest payable with respect to the Bonds and other tax-exempt debt of the obligated Group. Additionally, the Bonds or other tax-exempt obligations issued for the benefit of any Member of the Obligated Group may be, from time to time, subject to examinations by the Internal Revenue Service. There can be no assurance that any Internal Revenue Service examination of the Bonds will not adversely affect the market value of the Bonds. See "TAX MATTERS" herein.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to federal, state or local taxation of nonprofit corporations. There can be no assurance that future changes in the laws and regulations of the federal, state or local governments or audits or examinations of the activities of the Obligated Group or any tax-exempt affiliates by one or more taxing authorities will not materially and adversely affect the future operations and revenues of the Obligated Group by requiring them to pay income, sales or real estate taxes or to make payments in lieu of such taxes.

Risks Related to Tax Reform. On December 22, 2017, the Tax Cuts and Jobs Act ("H.R. 1") was enacted into law. H.R. 1, among other things, reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the alternative minimum tax on corporations, and eliminated advance refundings of tax-exempt bonds. Although H.R. 1 retained previously existing law applicable to private activity bonds like the Bonds, H.R. 1 may affect the market value of the Bonds, and the ability of holders of the Bonds to sell their Bonds in the secondary market.

In addition, from time to time there are legislative proposals in the United States Congress and the State Legislature that, if enacted, could alter or amend the federal and State income tax matters with respect to the Bonds, adversely affect the market value or liquidity of the Bonds, impact the Borrower's income tax status or impact how the State funds public schools, including charter schools. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment or the status of tax exempt entities. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Bonds or the market value or liquidity thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Purchasers of the Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively affect such investors' federal, state or local tax liability. In all such events, the market value of the Bonds may be impacted and the ability of holders to sell the Bonds in the secondary market may be reduced.

INDEPENDENT AUDITORS

The audited financial statements of the Obligor as of and for the years ended December 31, 2015, 2016 and 2017, included in this Official Statement, have been audited by Moore Stephens Lovelace, P.A., independent auditors, as stated in their report appearing in APPENDIX B to this Official Statement.

RATING

At the time the Bonds are issued, Fitch Ratings ("Fitch") has assigned the Bonds a rating of "____" (stable outlook) based on the creditworthiness of the Obligor.

The rating reflects only the view of the rating agency and is not a recommendation to buy, sell or hold the Bonds. Certain information and materials not included in this Official Statement were furnished to Fitch concerning the Bonds. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain for any given period of time or that such rating might not be lowered or withdrawn entirely by Fitch, if in its judgment circumstances so warrant. Except as set forth above under "FINANCIAL REPORTING AND CONTINUING DISCLOSURE," none of the Issuer, the Underwriter or the Obligor has any responsibility to bring to the attention of the holders of the Bonds any proposed revisions or withdrawal of the rating on the Bonds. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

A further explanation of the significance of the ratings may be obtained from the rating agency.

UNDERWRITING

The Bonds are being purchased by B.C. Ziegler and Company as Underwriter for a purchase price of $_____ (representing the principal amount of the Bonds minus an underwriter's discount of $_____ and **[**plus/less**]** original issue **[**premium/discount**]** on the Bonds of $_____), pursuant to a Bond Purchase Agreement, entered into by and between the Issuer and the Underwriter as approved by the Obligor (the "Contract of Purchase"). Pursuant to the Contract of Purchase, the Obligor has agreed to indemnify the Underwriter and the Issuer against certain liabilities. 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 Contract of Purchase. The Contract of Purchase provides that the Underwriter will purchase all of the Bonds if any Bonds are purchased.

MISCELLANEOUS

The references herein to the Act, the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgage and other materials 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 Bond Trustees 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 A through G 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 Obligor and other sources believed to be reliable, and, except for the statements under the heading "THE ISSUER" herein and information relating to the Issuer under the heading "LITIGATION - Issuer," the Issuer makes no representations with respect to nor warrants the accuracy of such information. The Obligor has agreed to indemnify the Issuer and the Underwriter against certain liabilities relating to the Official Statement.

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC.

By: _____
Chief Executive Officer

APPENDIX A

THE OBLIGATED GROUP AND THE COMMUNITY

TABLE OF CONTENTS

NAVAL CONTINUING CARE RETIREMENT FOUNDATION, INC.
FLEET LANDING

GENERAL

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (the "Company"), a Florida non-profit corporation, was incorporated on October 1, 1985, to develop and operate a continuing care retirement community originally serving former military officers and their living spouses exclusively. The community now serves all qualified persons. The Internal Revenue Service (the "IRS") issued its determination on September 10, 1991 that the Company is a charitable organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and is, therefore, 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.

HISTORY AND BACKGROUND

The Company operates a lifecare, entrance fee-based continuing care retirement community containing independent living, assisted living, memory support and skilled nursing units located in Atlantic Beach, Florida, known as Fleet Landing (the "Community"). The Company's mission is to enrich the lives of older adults through high quality programs and services to support successful aging. Its vision statement is to be Florida's preferred continuing care organization, enabling older adults to age successfully, in the place they call home. Fleet Landing is a retirement community regulated under Chapter 651, Florida Statutes, whose residents (the "Life Care Residents") that are able to reside in the independent living units (the "Independent Living Units") enter into residency agreements (the "Residency Agreement") that require payment of an Entrance Fee (the "Entrance Fee") and a Monthly Service Fee (the "Monthly Service Fee"). Residency Agreements do not entitle Life Care Residents to an interest in the real estate or other property owned by the Company. Generally, payment of the Entrance Fee and Monthly Service Fees pursuant to a Residency Agreement entitles Life Care Residents to the use and privileges of Fleet Landing including assisted living, memory support and skilled nursing units. Alternatively, residents may directly enter the assisted living or skilled nursing units, subject to availability, pursuant to a separate admissions agreement (the "Non-life Care Residents"). See "**RESIDENCY AGREEMENTS**" herein.

Fleet Landing was initially accredited by the Commission on Accreditation of Rehabilitation Facilities, successor by merger to the Continuing Care Accreditation Commission ("CARF") in 2001, and re-accredited by CARF in 2017 with an expiration in 2021.

THE COMPANY

Members of the Board of Directors

The business affairs of the Company are governed by a Board of Directors (the "Board") which currently consists of thirteen (13) directors (collectively, the "Directors") who serve without compensation. Directors are recruited and nominated by the Board's Governance Committee. Directors are elected initially for a one-year term and subsequently may be elected for three additional terms of three years each for a maximum length of service of ten consecutive years. Officers of the corporation may serve an additional five years beyond the term limits as long as they hold office.

The current Directors of the Company, their backgrounds, and the expiration of their current terms are as follows:

Members of Board of Directors	Occupation	Member of Board Since	Expiration of Current Term

Members of Board of Directors	Occupation	Member of Board Since	Expiration of Current Term
Helen Atter, President	Attorney	2009	2021
Joseph Mitrick, Vice-President	Hospital Administrator	2011	2020
Roger Palmer, Treasurer	Retired, Corporate Finance	2009	2021
Joshua Ashby, Secretary	Fleet Landing Executive Director / CEO	2010	2020
Marty Jones	Insurance Agent	2009	2018
Rick Cueroni	Retired, U.S. Coast Guard	2011	2020
Ben de Luna	Retired, Attorney	2012	2021
Cynthia Graham	Retired, Banking	2012	2021
Gene Kendall	Retired, U.S. Navy	2012	2021
Wayne Galloway	Sales	2016	2020
Anna Howe	Finance	2015	2018
Ari Jolly	Corporate Law	2016	2020
William Struck	Real Estate	2014	2020

Certain Key Management Personnel

The Board relies on the Chief Executive Officer (appointed by the Board) and the professional management personnel employed by the Company for the management of the day-to-day operations of the Community. Certain key management personnel of the Community include the following:

Joshua Ashby (age 36), Chief Executive Officer

Joshua Ashby was named the Company's Chief Executive Officer/Executive Director in 2010. Mr. Ashby joined the Company's management team in 2005 as Director of Health Care Services, responsible for the total operations of an 80-bed skilled nursing center (the "Health Center"), Leeward Manor, a 76-unit assisted living community, a home health agency and a physician's clinic. In 2009, Mr. Ashby was promoted to Chief Operating Officer, responsible for managing the Community's day-to-day operations. He is licensed by the state of Florida as a nursing home administrator. Mr. Ashby earned a bachelor's degree in health sciences and a Master of Business Administration degree from the University of North Florida. He is the Immediate Past Chair of the Board of LeadingAge Florida and is also a member of the University of North Florida Brooks College of Health Dean's Advisory Council.

Travis Schryer (age 35), Chief Operating Officer

Fleet Landing's Chief Operating Officer, Travis Schryer, joined the Company in 2018. He has spent the past eleven years with Brooks Rehabilitation in Jacksonville. Mr. Schryer has an extensive background in healthcare and leadership. Mr. Schryer is a Jacksonville native, graduated from the University of North Florida with a master's degree in Healthcare Administration, and serves many organizations including Leadership Jacksonville and the American College of Healthcare Executives (ACHE).

Cynthia Hack (age 57), Controller

Cynthia Hack joined the Company in 2012 as Controller. Ms. Hack oversees the Community's business office and financial operations including all accounting functions. Prior to joining the Company, Ms. Hack served as the controller/financial officer for a private country club in Jacksonville. Ms. Hack earned a bachelor's degree in accounting from the University of Florida and a master's degree in business administration from the University of North Florida.

Elizabeth Sholar (age 48), Senior Director of Health Care Services

Elizabeth Sholar joined the Company's management team in 2000 and served as the administrator of its assisted living units for eight years. She has a background in social services and extensive experience working with resident care and geriatric populations. As Senior Director of Health Care Services, Ms. Sholar oversees the operation of Leeward Manor, the Community's 76-bed assisted living community, Nancy House, its 24-bed memory care building, and its Health Center licensed for 70 beds, a home health agency and a physician's clinic, ensuring that the Company provides the highest quality health care while maintaining regulatory compliance. She is a graduate of the University of North Florida, where she earned a bachelor's degree in psychology and master's degree in health care administration.

Jeff Gryboski (age 48), Senior Director, Campus Services

Jeff Gryboski joined Fleet Landing in 2018. With 20 years of experience in call center and construction management, Mr. Gryboski brings a wealth of diversity in regard to customer relations and project management. His background includes operational oversight of security, housekeeping, maintenance, and capital improvement projects and departments. Prior to joining Fleet Landing, Mr. Gryboski served most recently as Director of Operations with a continuing care retirement community located in Volusia County, Florida.

Employees

As of September 30, 2018, the Company employed [328.5] full-time equivalent employees, including [122] for the Independent Living Units, [69] for the Assisted Living Units, [95.25] for the Health Center, [14.5] in home health and [27.75] in administration. As of September 30, 2018, the Company employed a total of approximately [374] employees (both full-time and part-time), none of which are covered by a collective bargaining agreement.

THE COMMUNITY

General Description

The Community opened in November 1990, occupying an 86-acre site including a seven-acre lake, with many spectacular views of flora, foliage and water. The site is located to the east of and adjacent to Atlantic Beach Country Club, a residential and golfing community. To the west, north and south is commercial real estate as well as Mayport Road, a major thoroughfare. The Community has retained many of the nature areas, native vegetation, oak and other trees on the site. Walking paths, boardwalks, gazebos, and numerous cul-de-sacs run throughout the campus.

There are 354 independent living units (the "Independent Living Units" or "ILUs"), including a total of 164 congregate living units (the "Apartments") in four contiguous buildings, with both covered and uncovered parking, attached through covered walkways to the main community building, The Coleman Center. Additionally, there are 190 units configured as quadplex, duplex and single-family residences, with attached one and two car garages (the "Homes").

The Health Center, a 58,918 square foot building that was constructed in 1990, is licensed to operate up to 70 skilled nursing beds but currently accommodates 67 active skilled nursing beds. The Health Center underwent a major renovation that was funded by the Series 2013B Bonds resulting in 43 private beds and 24 semi-private beds.

Leeward Manor, a 51,000 square foot building originally constructed in 1996, contains 76 assisted living units (the "Assisted Living Units") offering a variety of six different residence designs and is licensed to accommodate up to 76 residents. A major renovation of this facility is expected to be completed in 2018.

The Nancy House, a 20,800 square foot building that was constructed in 2015, contains 24 private memory care units (the "Memory Care Units") and is licensed for 24 beds. All units are similar in design and offer a kitchenette and private bath.

Windward Commons, completed in 2009, is a 24,332 square foot community center, which houses an indoor heated swimming pool with electric lift, whirlpool Jacuzzi, fully equipped exercise room with lockers and showers, aerobic room, massage room, technology lab, multi-purpose worship and meeting space with stage, café, artist studio, outdoor croquet and lawn bowling courts.

The Coleman Center is situated upon Lake Constellation, located in the center of the site, and is a 30,600 square foot building. It features a main kitchen and two dining venues offering breakfast, lunch and dinner, with stunning fountain and lake vistas, a veranda, bar and lounge, a private dining room, billiards, card/game room, a library, computer kiosks, concierge, marketing and administrative offices.

In addition, there is a 2,340 square foot outdoor heated pool and adjacent 8,000 square foot sun and dining decks, complemented by large awnings providing sun protection for dining and a variety of outdoor celebrations.

The Annex Clubhouse, a 3,500 square foot building, currently provides space for woodworking, a lounge, and private resident functions.

Existing Independent Living Units

The following table sets forth the unit configuration and pricing through December 31, 2018, for the Independent Living Units.

EXISTING INDEPENDENT LIVING UNIT MIX AND PRICING

Type of Unit	Total	Square Footage	Monthly Service Fee	Entrance Fee [(1)]
Apartments				
St. Bart's 1/1	24	685	$2,308	$156,500
St. Croix 1/1.5	36	815	2,561	185,900
St. Lucia 2/2 Custom	40	1,070	2,939	243,300
St. Martin 2/2 Deluxe	32	1,165	3,081	264,500
St. Thomas 2/2 Royale w/Den	24	1,375	3,530	313,100
St. Vincent 2/2 Grande w/Den	8	1,980	4,726	447,900
Total / Weighted Average	164	1,065	$2,965	$242,329
Patio and Single-Family Homes [(2)]				
The Antigua 2/1	4	1,130	$3,131	$275,100
The Aruba 2/2	7	1,130	3,131	276,800
The Aruba 2/2 w/EP	11	1,285	3,231	301,800
The Barbados 2/2	8	1,224	3,323	299,400
The Barbados 2/2 w/EP	20	1,380	3,423	324,400
The Catalina 2/2	62	1,390	3,575	340,800
The Catalina 2/2 w/EP	10	1,550	3,675	365,800
The Cozumel 2/2 w/Den	7	1,500	3,885	372,500
The Cozumel 2/2 w/Den and EP	19	1,716	4,025	405,500
The Grand Cayman 2/2 w/Den Villa	4	1,665	4,347	405,400
The Martinique 2/2 w/Den and EP	26	1,773	4,625	429,700
The Santa Domingo 2/2 w/Den	1	2,071	5,202	511,500
The Santa Domingo 2/2 w/Den and EP	7	2,335	5,342	551,500
The Trinidad 3/2 with EP	1	2,105	5,144	515,800
The Veracruz 2/2 w/Den	3	2,243	4,726	537,400
Total / Weighted Average	190	[1,452]	$[3,833]	$[366,680]
Independent Living Units Total / Wtd. Average	**354**	**[1,273]**	**$[3,431]**	**$[309,071]**
Second Person Fees			$1,211	$21,500

Source: The Company

[(1)] Entrance Fees shown represent pricing for Plan 0 contracts. The Company also offers Plan 50 and Plan 90 contracts with higher refundability and higher entrance fees as described more fully in the Residency Agreements – Entrance Fee Refund Options section below.

Existing Health Care Units

The following table sets forth the unit configuration and pricing through December 31, 2018, for the Assisted Living Units, the Memory Support Units and the Skilled Nursing Beds.

EXISTING HEALTH CARE UNIT MIX AND PRICING

			Monthly Service Fee	
Type of Unit	**Total**	**Square Footage**	**Life Care Rate**	**Non-Life Care Rate**
Assisted Living				
Standard Rooms	7	260	$3,220	$4,753
Studio	2	400	3,940	5,995
Suites	15	520	4,325	6,436
One Bedroom Apartments	20	560	4,266	6,364
One Bedroom Studios	9	660	4,942	7,135
Two Bedroom Apartments	3	840	6,086	8,421
Assisted Living Units Total [(1)] / Wtd. Average	56	537	$4,346	$6,403
Second Person Fees			$2,083	$2,663
Memory Support				
Suites	24	360	$4,255	$6,620
Memory Support Units Total / Wtd. Average	24	360	$4,225	$6,620
Skilled Nursing [(2)]				Per Diem
Semi-private beds	24	378	$3,220	$315
Private beds	43	483	4,225	350
Skilled Nursing Bed Total / Wtd. Average	67	445	$3865	$337

Source: The Company
[(1)] Licensed for up to 76 residents.
[(2)] Life Care per diem rate for temporary stays is $181 for semi-private and $219 for private.

Historical Fee Increases

The Company typically adjusts the Monthly Service Fees and Entrance Fees annually, effective January 1. Historical annual fee increases are shown in the following table. The fee increases shown for Assisted Living, Memory Support and Skilled Nursing are for direct admit residents. Monthly Service Fee increases for Life Care Residents for Assisted Living, Memory Support and Skilled Nursing were equal to the increase for Independent Living.

HISTORICAL ANNUAL FEE INCREASES

	2016	2017	2018
Independent Living – Monthly Service Fees	1.75%	1.50%	2.00%
Independent Living – Entrance Fees	5.90%	2.30%	3.00%
Assisted Living – Monthly Service fees	3.00%	2.50%	2.00%
Memory Support – Monthly Service Fees	3.00%	2.50%	2.00%
Skilled Nursing – Per Diem Fees	3.00%	2.50%	4.00%

Source: The Company

Occupancy

Average annual occupancy of the Community for the three most recent fiscal years and for the nine months ended September 30, 2018, is shown in the following table.

AVERAGE OCCUPANCY

	Fiscal Years Ended December 31,			Nine Months Ended September 30,
	2015	2016	2017	2018
Independent Living Units [(1)]	94.7%	97.3%	97.0%	[]%
Assisted Living Units	96.9%	94.8%	95.2%	[]%
Memory Support Units	94.1%	89.6%	89.8%	[]%
Skilled Nursing Beds	87.5%	90.3%	82.8%	[]%
Average Occupancy	94%	95.7%	94.6%	[]%

Source: The Company

[(1)] As of September 30, 2018, the Independent Living Units were []% occupied (with []% of the homes and []% of the apartments occupied).

Health Center – Payor Mix

The Skilled Nursing beds in the Health Center are certified for Medicare but are not certified for Medicaid. Fleet Landing has an overall 5-star Centers for Medicare and Medicaid Services rating. The payor mix in the Health Center for the three most recent fiscal years and for the nine months ended September 30, 2018, is shown in the following table.

PAYOR MIX

	Fiscal Years Ended December 31,			Nine Months Ended September 30,
	2015	**2016**	**2017**	**2018**
Life Care Residents	67.7%	68.4%	72.7%	[]%
Non-Life Care Residents	7.9%	10.0%	8.3%	[]%
Medicare	24.2%	21.6%	19.0%	[]%
Total	100.0%	100.0%	100.0%	100.0%

Source: The Company

Turnover Analysis

Turnover analysis for the three most recent fiscal years and for the nine months ended September 30, 2018 is shown in the following table.

ANNUAL TURNOVER AND ENTRANCE FEES

	Fiscal Years Ended December 31,			Nine Months Ended September 30,
	2015	**2016**	**2017**	**2018**
Beginning Number of ILUs Occupied	346	345	343	340
Transfers to Health Center	(27)	(19)	(27)	[]
Death	(10)	(8)	(5)	[]
Move-outs	(11)	(10)	(9)	[]
Move-ins	47	35	38	[]
Ending Number of ILUs Occupied	345	343	340	[]
Ending Occ. Percentage	97.5%	96.9%	96.0%	[]
Entrance Fees Received	$12,690,597	$8,246,808	$12,937,830	$12,937,830
Entrance Fees Refunded	(617,680)	(1,576,864)	(507,418)	[]
Net Entrance Fees Received	$12,072,917	$6,669,944	$12,430,412	$[]

Source: The Company

Wait List

A pre-residency deposit in the amount of $5,000 secures placement on a waiting list registry (the "Registry"). The deposit is held in a non-interest-bearing account, refundable at any time upon written request.

General financial data is submitted with the Registry deposit for informational purposes. Upon unit selection, an official confidential data application and full financial disclosure is submitted with the Reservation Agreement. The Registry deposit is then applied to the 10% Reservation Agreement deposit. As of September 30, 2018, the Registry was comprised of 320 households, consisting of 230 couples and 90 singles.

Marketing Program

The Company's fully integrated approach to marketing consists of both traditional and emerging digital strategies and cultivation events designed to entice both potential residents aged 70 and over and their adult child influencers to visit the Community for a consultative, personalized tour. Print advertising targets affluent symphony and theatre patrons, military publications and military convention attendees. Direct mail targets those whose age and income level qualified via a purchased list and those who currently reside in the Community's future resident database.

Cultivation events continue to be the most efficient and comfortable approach for future residents and their families to be introduced to lifecare and the Community. Event content strategically addresses a variety of interests important to older adults – social, political, healthcare, intellectual, etc. Online marketing tactics continue to be of

great development and emphasis to create sustained lead generation and a stronger competitive advantage. Specific tactics deployed or in development include, but are not limited to, advanced search engine optimization, Google local profile and reviews, link building, Google re-marketing, banner ads, pay per click, e-alerts, and online senior living directories. The Company utilizes Glynn Devins, a nationally recognized senior living marketing and advertising firm, on a bid per project basis with respect to various marketing and advertising efforts.

The continued success of the Company's marketing program is a critical element in the financial position of the Company.

RESIDENCY AGREEMENTS

General Description

The Company enters into a Residency Agreement with each Life Care Resident moving into an Independent Living Unit pursuant to which the Company provides such Life Care Resident with a living unit in the Community for as long as he or she is able to occupy the unit and the services described below for the Life Care Resident's lifetime, subject to the right of the Company or the Life Care Resident to terminate the Residency Agreement in certain events.

The Residency Agreement offered at the Community is generally known in the continuing care retirement community industry as an "Extensive" or "Type A" Contract, which offers shelter, residential services and amenities, as well as unlimited assisted living and nursing care. For the right to reside in the Community and receive life care services, a Life Care Resident of the Community must pay an Entrance Fee prior to occupancy which entitles the Life Care Resident to lifetime occupancy of the Independent Living Unit, subject to payment of applicable Monthly Service Fees and continuing to meet certain health and conduct requirements. The Entrance Fees are based on the size and location of the particular Independent Living Unit selected, the number of Life Care Residents in the Independent Living Unit and the refund plan selected by the Life Care Resident. In addition, certain options and upgrades that have occurred to the Independent Living Unit affect the amount of the Entrance Fee. Under certain contract options, Entrance Fees are partially refundable upon death or voluntary termination of the Residency Agreement by the Life Care Resident. Monthly Service Fees are based upon the size of the Independent Living Units and number of occupants.

The Entrance Fee is the total initial fee charged as a condition of admission to the Community. The Monthly Service Fee is the charge for ongoing occupancy of the unit for various services and amenities. Under the terms of the Residency Agreement, each Life Care Resident is guaranteed a room in the Community's Assisted Living Units, Memory Support Units or semi-private accommodations in the Health Center (at a reduced rate) if ordered by a physician and approved by the Community Medical Director. If the necessary accommodations are not immediately available to a Life Care Resident, then the Company will pay for the Life Care Resident's care in a similar community until space comes available in the Community.

Services and Amenities

Payment of the Entrance Fee and Monthly Service Fees entitles a Life Care Resident to occupancy of an Independent Living Unit equipped with various amenities, dining room credits (30 per month), utilities (excludes premium cable, phone and internet), weekly housekeeping services, weekly flatwork laundry services, safety and security measures, lighted on-site parking, maintenance of residences and common spaces, scheduled transportation, special diets when ordered by physicians, planned events and activities, use of common space, urgent alert call system, health care and clinic services and guarantee of an Assisted Living Unit, Memory Support Unit or Skilled Nursing Unit.

Assisted Living Units are provided in Leeward Manor. All rooms have a private bath and a card key entry system. Basic cable, emergency nurse response system and basic telephone service are included in the Monthly Service Fee. Daily laundry, weekly housekeeping services, recreational programming and three meals per day are provided. A licensed practical nurse is available 24 hours per day to assist with medication management, medical case management, and to respond to any resident emergencies. Nursing assistants provide support with activities of

daily living such as bathing, dressing, and daily prompts and reminders for attendance at meals and recreational programs.

Life Care Residents requiring a short-term stay in an Assisted Living Unit are charged the Monthly Service Fee for their Independent Living Unit (reduced by the cost of meals contracted for but not taken) plus the Assisted Living temporary daily rate, which is $129 per day for a standard unit. Monthly rates upon permanent transfer for Life Care Residents are based upon the square footage of the unit.

Memory Care Assisted Living Units are provided in the Nancy House. All units are similar in design and offer a kitchenette and private bath. Basic cable, and telephone are included in the Monthly Service Fee. Daily laundry, weekly housekeeping services, specialized dementia programs, and activities are provided. A licensed practical nurse is available 24 hours per day to assist Residents with medications, medical case management, and to respond to medical emergencies.

Life Care Residents requiring a short-term stay in the Nancy House are charged the Monthly Service Fee for their Independent Living Unit (reduced by the cost of meals contracted for but not taken) plus the Memory Support temporary daily rate, which is $219 per day. The monthly rate upon permanent transfer for Life Care Residents is $4,255.

The Health Center is licensed to operate up to 70 skilled nursing beds but currently operates 67 skilled nursing beds. Services provided in the Health Center include: daily laundry, housekeeping, meal preparation and nursing services. Nursing services are designed to provide the required assistance in the areas of daily living, including toileting, bathing, feeding, and ambulation assistance as appropriate. Licensed Practical Nurses and Registered Nurses provide assistance 24 hours per day with medication management, medical case management, and response to medical emergencies. Social and recreational programs are provided as well as the opportunity for residents to participate in hobbies and educational activities. Physical therapy, occupational therapy, and speech therapy are available for residents whose medical condition warrants such treatment.

Temporary and Permanent Transfers

If a Life Care Resident occupying an Independent Living Unit becomes unable to care for himself or herself within the range of the services provided by the Community, as determined by the Executive Director in conjunction with the Medical Director, the Life Care Resident's physician and family, the Life Care Resident will be transferred to Assisted Living, Memory Support or Skilled Nursing in the Health Center. If a Life Care Resident is permanently transferred to Assisted Living, Memory Support or Skilled Nursing in the Health Center, his or her Independent Living Unit will become available for occupancy by another Life Care Resident; however, no refund of the Entrance Fee will be paid due to permanent transfer. If the Resident recovers sufficiently to resume unassisted living, a similar or alternate Independent Living Unit will be made available for use, depending upon availability.

Life Care Residents permanently transferring to Skilled Nursing in the Health Center pay a rate no greater than the current weighted average first person Monthly Service Fee in the Independent Living Units for a semi-private skilled nursing bed, which as of January 1, 2018 is $3,220. Life Care Residents requiring a short-term stay in the Health Center are charged the Monthly Service Fee for their Independent Living Unit (reduced by the cost of meals contracted for but not taken) and a Health Center Temporary Daily Rate. The Health Center daily per diem rate for Non-Life Care Residents requiring nursing care is currently $315 for a semi-private room and $350 for a private room.

Entrance Fee Refund Options

Under the terms of the Residency Agreement, before taking occupancy and within the seven (7) day escrow period, a prospective Life Care Resident can rescind the Residency Agreement and all monies will be refunded less any costs specifically incurred at the that person's request. If, during the seven (7) day escrow period, a Life Care Resident has occupied the Independent Living Unit and subsequently rescinds the Residency Agreement, the departing Life Care Resident shall be entitled to a refund of all monies paid less any cost specifically incurred at the request of the Life Care Resident in preparing the Independent Living Unit for occupancy.

Entrance Fees are generally refunded within 90 days of termination of the Residency Agreement in accordance with the provisions of Chapter 651, Florida Statutes.

The first five (5) months the Life Care Resident is living at the Community is termed the "Introductory Period." Should the Life Care Resident terminate the Residency Agreement for any reason during this period, the Life Care Resident forfeits five percent (5%) of the Entrance Fee. This Introductory Period is common to all three contract options described below.

Under the terms of the "Plan 0 Residency Agreement", a Life Care Resident terminating a Residency Agreement for reasons other than death will receive an Entrance Fee refund equal to the Entrance Fee paid less five percent (5%) for the Introductory Period and two percent (2%) per month for the following forty-seven and a half (47.5) months of occupancy, and less any amounts owed to the Company. After a total of fifty-two and a half (52.5) months of occupancy at the Community, no Entrance Fee refund will be paid to Life Care Residents terminating a Plan 0 Residency Agreement. Termination of the Plan 0 Residency Agreement resulting from death of the Life Care Resident within the Introductory Period will result in an Entrance Fee refund equal to the Entrance Fee paid less five percent (5%) and any costs incurred by the Company at the request of the Life Care Resident. After five months of occupancy, no refund will be paid under the Plan 0 Residency Agreement as a result of death. This program option is open to all Life Care Residents.

Under the terms of the "Plan 50 Residency Agreement", should this Residency Agreement be terminated by either party after the date of execution of this Residency Agreement, the Life Care Resident, or, if applicable, the Life Care Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one and one-half percent (1.5%) per month thereafter for thirty (30) additional months. After a total of thirty-five (35) months of occupancy at the Community, the refund amount will remain unchanged at fifty percent (50%) of the entire Entrance Fee paid, regardless of the length of time the Life Care Resident resides at the Community. For actuarial reasons, this program is restricted to those Life Care Residents who have not attained the age of 81 by the date of residency. Should the Plan 50 Residency Agreement be executed by a couple, one Life Care Resident must be 80 or younger and the other must be 85 or younger on the date of residency.

Under the terms of the "Plan 90 Residency Agreement", should the Residency Agreement be terminated by either party after the date of execution of this Residency Agreement, the Life Care Resident, or, if applicable, the Life Care Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one-half percent (0.5%) per month thereafter for ten (10) additional months. After a total of fifteen (15) months, the refund amount will remain unchanged at ninety percent (90%) of the Entrance Fee paid, regardless of the length of time the Life Care Resident resides at the Community. For actuarial reasons, this program is restricted to those Life Care Residents who have not attained the age of 81 by the date of residency. Should the Plan 90 Residency Agreement be executed by a couple, one Life Care Resident must be 80 or younger and the other must be 85 or younger on the date of residency.

As of September 30, 2018, 96.7% of the Life Care Residents have elected the Plan 0 Residency Agreement, 1.0% the Plan 50 Residency Agreement and 1.3% the Plan 90 Residency Agreement. A small percentage of Life Care Residents also reside at the Community under forms of residents agreements previously discontinued, including 0.5% under the Plan 75 Residency Agreement (discontinued as of July 1, 2012), and 0.5% under the Plan 95 Residency Agreement (discontinued as of January 1, 2004).

Admission Requirements

Any individual who will be 62 years old by the date of occupancy and will maintain sufficiently good health to live independently, as certified by a physician, until the date of execution of the Residency Agreement and payment of the Entrance Fee, may make application to reside in the Community. If, in the interval between the execution of an agreement reserving the selected living unit and the execution of the Residency Agreement and payment of the Entrance Fee, the applicant's health status changes to the extent that the applicant would not be able to live independently, the applicant is not eligible to move in as a Life Care Resident without agreeing to secure the necessary supportive services at their own costs in order to safely live independently. Each Life Care Resident is responsible for disclosing any severe or chronic disorders.

Each Life Care Resident must have adequate assets to pay his or her Entrance Fee, possess the ability to pay his or her respective Monthly Service Fee, and have sufficient monthly income to satisfy normal living expenses after payment of the anticipated Monthly Service Fee for goods and services not provided by the Community. This is evaluated on an individual basis considering life expectancy, monthly income and total net worth. Each Life Care Resident must show coverage under Medicare Parts A and B, or their equivalent. Each Life Care Resident is also encouraged to have a supplemental health insurance policy.

All individuals eligible to make application will be afforded equal consideration.

Financial Assistance

It is the declared policy of the Company that a Life Care Resident's occupancy shall not be terminated solely for the reason of financial inability of a Life Care Resident to pay the Monthly Service Fee, provided the Life Care Resident has applied to the Company for dispensation of the Monthly Service Fees and has established the facts which justify special consideration and dispensation by the Company. Such an application for special consideration and dispensation of the Monthly Service Fees may be granted by the Company provided such special treatment does not impair, in the sole opinion of the Company, the ability of the Community to operate on a sound financial basis. Facts to be considered in the granting of such special financial consideration and dispensation are the assets and income of the Life Care Resident, but the Company is not limited to only considering these matters. In the event of dispensation of Monthly Service Fees (whether total or in part) the Company may require that the Life Care Resident move to the smallest available Independent Living Unit, Assisted Living Unit, Memory Support Unit or semi-private nursing bed with the lowest Monthly Service Fee, during the period of such dispensation.

Nondiscrimination

The Company 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, gender, age, national origin, ancestry, disability or any other unlawful reason.

THE PROJECT

General

The expansion of Fleet Landing (the "Project") will consist of a four-story residential building to be known as Beacon Pointe ("Beacon Pointe"), a three-story health center expansion (the "Health Center Expansion"), significant expansion and renovation to Windward Commons and a new dining center to be known as Mainstreet ("Mainstreet"). Beacon Pointe will consist of 128 independent living apartments (the "Expansion Independent Living Units") in one-bedroom, two-bedroom and three-bedroom configurations. The Health Center Expansion will consist of 38 assisted living apartments (the "Expansion Assisted Living Units") in one-bedroom and two-bedroom configurations and 30 skilled nursing units (the "Expansion Skilled Nursing Units") in private one-bedroom configurations. Related facilities, improvements, fixtures and equipment will also be constructed. Parking spaces to support Beacon Pointe include approximately 141 garage covered parking spaces and approximately 34 open surface parking spaces. The Project will include approximately 395,000 square feet, which will be developed on approximately 12 acres of land owned by the Company. The Expansion Independent Living Units will be situated on the northeastern corner of the existing Community on an adjacent site owned by the Company. The Expansion Assisted Living Units and Expansion Skilled Nursing Units will be situated on the north side of the existing Community on an adjacent site also owned by the Company. Windward Commons and Mainstreet are located within the existing Community. The following table illustrates the new configuration of units upon completion of the Project.

	As of September 30, 2018	Project	Upon Completion
Independent Living Units	354	128	482
Assisted Living Units	56	38	94
Memory Support Units	24	-	24
Health Care Center:			
Semi-Private	24	-	24
Private Beds	43	30	73
Total Units	501	196	697

Source: The Company

Expansion Independent Living Units

Each Expansion Independent Living Unit will be furnished with floor coverings, self-defrosting refrigerator and freezer with icemaker, range/oven, dishwasher, microwave oven, garbage disposal, wash/dryer, an emergency call system, fire sprinkler system, and a telephone/data communications port. Utilities including electricity, gas, sewer, water, Wi-Fi internet services, and cable television services are included in the Monthly Service Fee.

The following table sets forth the unit configuration and pricing for the Expansion Independent Living Units.

EXPANSION INDEPENDENT LIVING UNIT MIX AND PRICING

Type of Unit	Total	Square Footage	Monthly Service Fee	Entrance Fee [(1)]
Apartments				
Amelia 1/1	10	846	$2,474	$236,026
Canaveral 1/1	17	962	2,993	273,591
Jupiter 1/1	14	1,162	3,464	330,353
Key West 2/2	8	1,254	3,747	407,932
Pensacola 2/2	29	1,256	3,747	369,793
Ponce de Leon 2/2	12	1,340	4,218	422,660
San Blas 2/2	14	1,397	4,407	471,877
St. Augustine 2/2	2	1,495	4,595	500,424
St. Johns 2/2	2	1,597	4,689	457,065
Sand Key 2/2	8	1,660	4,784	516,920
Cedar Key	2	1,850	4,920	552,267
Garden Key	6	2,047	5,472	589,971
Loggerhead Key	1	2,221	6,066	637,101
Cape Florida	1	2,511	6,744	706,853
Cape St. George	2	2,886	7,932	801,112
Total / Wtd. Average	128	1,321	$3,932	$397,991
Second Person Fees			$1,257	

Source: The Company

[(1)] Entrance Fees shown represent charter pricing for Plan 0 contracts. The Company also offers Plan 50/40 and Plan 90/80 contracts with higher refundability and higher entrance fees as described more fully in The Project – Resident Fee Structure section below.

Expansion Health Care Units

The Expansion Assisted Living Units have been designed to provide service and amenity options for Residents who require various levels of assistance with activities of daily living. The Expansion Assisted Living Apartments are private apartments and suites with kitchenettes and full baths, and they are furnished with floor coverings, window coverings, self-defrosting refrigerator and freezer with icemaker, microwave oven, garbage disposal, an emergency call system, fire sprinkler system, and a telephone/data communications port. Basic telephone service, wireless internet services, and cable television services are included. Common areas include a bistro and coffee bar, lobby, lounge, wellness and fitness room, chapel and reflection space, arts and crafts area, multipurpose room, library, dining room, gardens, outdoor areas and administrative and support service areas.

The following table sets forth the unit configuration and pricing for the Expansion Assisted Living Units and Expansion Skilled Nursing Units.

EXPANSION HEALTH CARE UNIT MIX AND PRICING

Type of Unit	Unit Style	Total	Square Footage	Monthly Service Fee
Assisted Living				
Studio	Standard	4	513	$6,080
One Bedroom	Traditional	16	623	6,410
One Bedroom	Special	2	628	6,410
One Bedroom	Deluxe Den	10	783	7,069
Two Bedroom	Traditional	2	937	7,776
Assisted Living Units Total / Wtd. Average		38	691	$6,715
Second Person Fee				$2,228
Skilled Nursing				Per Diem
Private Suite	Private Pay	14	310	$361
Private Suite	Medicare	16	310	461
Skilled Nursing Bed Total / Wtd. Average		30	310	$414

Source: The Company

Windward Commons Renovation and Expansion

Windward Commons is an existing activity and event center situated at the center of the Community. A 6,400 square foot addition is proposed to expand the amenity program. In addition, 16,340 square feet of existing space will be remodeled. Key components of the expansion and renovation are: an expanded auditorium, a new indoor pool and related aquatic elements, a new fitness and aerobics center, new men's and women's locker rooms and renovated offices and lounge areas.

Mainstreet

Mainstreet will be a new 11,000 square foot one-story destination dining center in the heart of the Community. It will consist of both formal and casual dining venues, a bistro/café, a bar area and other interior and exterior gathering spaces. Dining services will be supported by a full commercial kitchen.

Pre-Finance Funding

As of September 30, 2018, the Company has spent approximately [$XX] on pre-finance expenditures for the Project, [$XX] of which was paid from draws on a [line of credit] which will be repaid upon the issuance of the Series 2018 Bonds. Upon issuance of the Series 2018 Bonds, the Company will be reimbursed with Series 2018 bond proceeds for all pre-finance expenditures spent as of September 30, 2018, plus any additional expenditures between September 30, 2018 and the date of issuance of the Series 2018 Bonds, less [$XX] that will be the Company's equity contribution to the Project.

Regulatory Permits and Approvals

The various approvals and permits necessary in order for the Company to begin construction of the Project and commence operations are outlined below.

Chapter 651, Florida Statutes. The Company has a Certificate of Authority to operate a retirement community under Chapter 651, Florida Statutes. Chapter 651 requires retirement communities who are developing

expansions of significant size to submit an expansion application to the Florida Office of Insurance Regulation for approval before commencing marketing activities. Fleet Landing received approval from the Florida Office of Insurance Regulation for the Project on July 20, 2017, as evidenced by a consent order executed by the Company and the Florida Office of Insurance Regulation.

Certificate of Need. The Company is licensed by the Florida State Agency for Health Care Administration ("AHCA"). The Community has received a Certificate of Need dated September 10, 2018, for the thirty sheltered nursing home beds added in the Project.

Assisted Living Licensure. In connection with completion of construction of the Project, the Company will apply to AHCA for an Assisted Living License ("Assisted Living License") to open the Assisted Living Units and accept residents. An application for licensure must be made to AHCA on forms furnished by AHCA, submitted under oath and accompanied by the appropriate fee in order to be accepted and considered timely. The application must contain information required by authorizing statutes and applicable rules, including but not limited to information about the Company, the financial projections and working capital, the administrator or a similar titled person who is responsible for the day-to-day operation of the Company, the financial officer or similar titled person who is responsible for the financial operation of the Company and each controlling person. In addition, AHCA may require other information, including satisfactory inspection results, which AHCA finds necessary to determine the ability of the Company to carry out its responsibilities under the authorizing State statutes and applicable rules. Upon receipt of an application for a license, AHCA will examine the application and, within thirty (30) days after receipt, notify the applicant in writing of any apparent errors or omissions and request any additional information required. Requested information omitted from an application for licensure, license renewal, or change of ownership, other than an inspection, must be filed with the agency within twenty-one (21) days after AHCA's request for omitted information or the application will be deemed incomplete and will be withdrawn from further consideration and the fees will be forfeited. Within sixty (60) days after the receipt of a complete application, the agency will approve or deny the application. Licenses issued are biennial licenses, subject to renewal, unless conditions of the license category specify a shorter license period.

Under the licensing statutes, an assisted living facility, such as the Project, is designed to provide personal services, which include direct physical assistance with or supervision of the activities of daily living (ambulation, bathing, dressing, eating, grooming, toileting and similar tasks) and the self-administration of medication and other similar services in the least restrictive and most home-like environment. Personal services will not include medical, nursing, dental or mental health services. These facilities can range in size from one to several hundred residents and may offer a wide variety of personal and nursing services designed specifically to meet an individual's personal needs. Facilities are licensed to provide routine personal care services under a "Standard License," or more specific services under the authority of "Specialty Licenses." Specialty Licenses include limited mental health, limited nursing services and extended congregate care. Facilities meeting the requirements for a Standard license may also qualify for Specialty Licenses. The purpose of a Specialty License is to allow individuals to "age in place" in familiar surroundings that can adequately and safely meet their continuing healthcare needs. The Company does not anticipate applying for a Specialty License for the Project.

Zoning/Entitlements. The Company has received all zoning and entitlements as evidenced by the Planned Unit Development Modification issued by the City of Atlantic Beach on [date] and the Planned Unit Development Rezoning issued by the City of Jacksonville on [date].

Building Permits. The Project plans were submitted to the City of Jacksonville [Building Department] the City of Atlantic Beach [Building Department] for building permit review. The City of Jacksonville and the City of Atlantic Beach [reviewed] the Project Plans and will issue building permits for the Project after payment of the respective permit fees. The building permit application for the Health Center Expansion will also be submitted to AHCA for approval. It is anticipated that the footing and foundation permit for the Health Center Expansion will be received followed by a full building permit for the Health Center Expansion. Nothing has come to the attention of the Company that would lead it to believe such permits for the Health Center Expansion will not be granted in due course.

Environmental Study. In connection with the issuance of the Series 2018 Bonds, the Company obtained Phase I environmental site assessments for the property on which the existing Community and the Project are located. [No evidence of recognized environmental conditions was revealed by the Phase I site assessments.]

Geotechnical Study. The Corporation also obtained a geotechnical engineering report from Universal Engineering Sciences, dated April 22, 2016, in connection with the Project.

Other Licenses and Permits. As with all major construction projects, the Company must obtain numerous licenses, permits, or approvals from various governmental agencies, both for construction work and to operate various portions of the Project after completion. Applications for certain approvals may not be made until certain site work and detailed plans have been prepared or construction is completed. In some cases, approvals may only involve an administrative review to ensure compliance with approvals already obtained or payment of a fee and in other cases approvals involve the exercise of discretion by government authorities. See "Risk Factors—Construction Risks" in the forepart of this Preliminary Official Statement.

Anticipated Project Timelines

Management's timeline for the Project is summarized in the following table.

ANTICIPATED PROJECT TIMELINE FOR BEACON POINTE

Date	Item
September 2018	Construction commences
December 2018	Issue Series 2018 Bonds
[April] 2020	Initial Expansion Independent Living Occupancy
[June] 2020	Construction complete
[July] 2020	Initial Expansion Assisted Living Occupancy
[July] 2020	Initial Expansion Skilled Nursing Occupancy

Source: The Company

Reservation Agreement

Each Life Care Resident must have adequate assets to pay his or her Entrance Fee, possess the ability to pay his or her respective Monthly Service Fee, and have sufficient monthly income to satisfy normal living expenses after payment of the anticipated Monthly Service Fee for goods and services not provided by the Community. This is evaluated on an individual basis considering life expectancy, monthly income and total net worth. Each Life Care Resident must show coverage under Medicare Parts A and B, or their equivalent. Each Life Care Resident is also encouraged to have a supplemental health insurance policy.

In order to reserve an Expansion Independent Living Apartment, a prospective Life Care Resident must execute a Reservation Agreement ("Reservation Agreement"), provide self-disclosure of health and finances, and place a deposit equal to at least 10% of the Entrance Fee on the selected Expansion Independent Living Unit (a "Reservation Deposit"). To qualify to be a Life Care Resident at the Community, the prospective Resident must meet health and financial parameters as established by the Company. To qualify based on financial parameters, a prospective Life Care Resident is evaluated on an individual basis considering life expectancy, monthly income and total net worth to determine the prospective Life Care Resident's ability to afford the Entrance fee and the Monthly Service Fee for the specific Expansion Independent Living Unit selected. To qualify based on health parameters, a prospective Life Care Resident must have the ability to live independently with reasonable support services and be at least 62 years old. See "Project Marketing – Reservation of Expansion Independent Living Units." The Reservation Agreement reserves the right of the prospective Life Care Resident to choose the selected Expansion Independent Living Unit and indicates his or her intent to execute a Residency Agreement.

Resident Fee Structure

The terms of the Residency Agreement for an Expansion Independent Living Unit are the same as the terms described previously for the existing Independent Living Units, except for the Entrance Fee refund options, as described below. See "Residency Agreements" for a description of these terms. The Company is offering three plans to prospective Life Care Residents of the Expansion Independent Living Units.

Plan 0. The terms of the "Plan 0 Residency Agreement" are identical to the existing Plan 0 Residency Agreement.

Plan 50/40. The terms of the "Plan 50/40 Residency Agreement" are identical to the existing Plan 50 Residency Agreement, except that the refundability depends on whether the Life Care Resident(s) are a single or a couple. In the case of a single, the Life Care Resident, or, if applicable, the Life Care Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one percent (1.0%) per month thereafter for forty-five (45) additional months. After a total of fifty (50) months of occupancy at the Community, the refund amount will remain unchanged at fifty percent (50%) of the entire Entrance Fee paid, regardless of the length of time the Life Care Resident resides at the Community. In the case of a couple, the Life Care Residents, or, if applicable, the Life Care Residents' estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one percent (1.0%) per month thereafter for fifty-five (55) additional months. After a total of sixty (60) months of occupancy at the Community, the refund amount will remain unchanged at forty percent (40%) of the entire Entrance Fee paid, regardless of the length of time the Life Care Residents reside at the Community. For actuarial reasons, this program is restricted to those Life Care Residents who have not attained the age of 81 by the date of residency. Should the Plan 50/40 Residency Agreement be executed by a couple, one Life Care Resident must be 80 or younger and the other must be 85 or younger on the date of residency. The Entrance Fee under the Plan 50/40 Residency Agreement is approximately 43% higher than the Entrance Fee for the same unit under the Plan 0 Residency Agreement, and the Monthly Service Fee is approximately 20% lower than the Monthly Service Fee for the same unit under the Plan 0 Residency Agreement.

Plan 90/80. The terms of the "Plan 90/80 Residency Agreement" are identical to the existing Plan 90 Residency Agreement, except that the refundability depends on whether the Life Care Resident(s) are a single or a couple. In the case of a single, the Life Care Resident, or, if applicable, the Life Care Resident's estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one-half percent (0.5%) per month thereafter for ten (10) additional months. After a total of fifteen (15) months of occupancy at the Community, the refund amount will remain unchanged at ninety percent (90%) of the entire Entrance Fee paid, regardless of the length of time the Life Care Resident resides at the Community. In the case of a couple, the Life Care Residents, or, if applicable, the Life Care Residents' estate, will receive a refund of the entire Entrance Fee paid, less five percent (5%) during the Introductory Period and less an additional one-half percent (0.5%) per month thereafter for thirty (30) additional months. After a total of thirty-five (35) months of occupancy at the Community, the refund amount will remain unchanged at forty percent (80%) of the entire Entrance Fee paid, regardless of the length of time the Life Care Residents reside at the Community. For actuarial reasons, this program is restricted to those Life Care Residents who have not attained the age of 81 by the date of residency. Should the Plan 90/80 Residency Agreement be executed by a couple, one Life Care Resident must be 80 or younger and the other must be 85 or younger on the date of residency. The Entrance Fee under the Plan 90/80 Residency Agreement is approximately 43% higher than the Entrance Fee for the same unit under the Plan 0 Residency Agreement, and the Monthly Service Fee is the same as the Monthly Service Fee for the same unit under the Plan 0 Residency Agreement.

As of September 30, 2018, 95.2% of the prospective Life Care Residents of Beacon Pointe have elected the Plan 0 Residency Agreement, 0.8% the Plan 50/40 Residency Agreement, 4.0% the Plan 90/80 Residency Agreement.

The Corporation plans to offer a limited number of Plan 50/40 (15 maximum) and Plan 90/80 (15 maximum) Residency Agreements for the Expansion Independent Living Units. The Plan 50/40 and Plan 90/80 Residency Agreements are currently planned to only be offered to the first generation of Life Care Residents at Beacon Pointe.

Additional services may be available on a fee-for-service basis including, but not limited to, additional housekeeping, laundry services for personal items, catering, tray service, guest meals, salon services, personalized training, specialized transportation and covered parking.

Charter Benefits

Through [December 31, 2018], to encourage early commitments to residency at Beacon Pointe, the Company is offering prospective Life Care Residents a package of benefits (the "Charter Benefits") if they reserve an Expansion Independent Living Unit. Prospective Life Care Residents that receive Charter Benefits are referred to as "Charter Depositors." Charter Benefits include the following: (i) a 5% discount on the Entrance Fee from construction pricing (a "Charter Entrance Fee"); (ii) no second person Entrance Fee, if applicable; (iii) no increase in Monthly Service Fees until January 1, 2022; (iv) interest earned at the prevailing rate on the escrow account until the date the Expansion Independent Living Unit is ready for occupancy; (v) guaranteed occupancy regardless of changes in health between signing of the Reservation Agreement and occupancy, as long as Beacon Pointe at Fleet Landing is open and available for occupancy, the appropriate level of care is available and the Resident's Entrance Fee has been paid in full; (vi) the opportunity to personalize their selected Expansion Independent Living Unit; and (vii) a 15 person private party catered by Fleet Landing.

All of the Charter Benefits will expire if the Charter Depositor has not moved into his or her respective Expansion Independent Living Unit within 60 days of the date his or her selected unit is available unless agreed to in writing by the Company prior to the 60-day expiration period.

PROJECT MARKETING

General

A prospective Life Care Resident may reserve an Expansion Independent Living Unit by submitting a confidential data profile, including health and financial disclosure, executing a Reservation Agreement and submitting a Reservation Deposit. The execution of a Reservation Agreement does not constitute a binding commitment on the part of any prospective Life Care Resident to establish occupancy at the Project. Prospective Life Care Residents may terminate their Reservation Agreements from time to time and receive refunds of all amounts paid to the Company, pursuant to the terms of the Reservation Agreement.

Priority Program – Expansion Independent Living Units

Marketing efforts for Expansion Independent Living Units began in September 2017 with a "Beacon Club Program." The Company conducted a direct mail campaign, including an initial lead survey, to age and income qualified seniors in the Atlantic Beach, Florida area. Prospective Lifecare Residents were placed on a priority list and given a priority number in exchange for placing a $100 deposit ("Priority Members"). 419 Priority Members signed up prior to the start of the conversion program in March 2018.

Reservation of Expansion Independent Living Units

Priority Members interested in an Expansion Independent Living Unit were offered the opportunity to enter into a Reservation Agreement beginning in March 2018. Through October 31, 2018, [#] of the 128 Expansion Independent Living Units (representing [#]% of the total Expansion Independent Living Units) are reserved by prospective Life Care Residents who have paid a Reservation Deposit and executed a Reservation Agreement. The table on the following page depicts the net and cumulative Reservation Deposits received for Expansion Independent Living Units as of October 31, 2018.

EXPANSION INDEPENDENT LIVING UNITS – NET AND CUMULATIVE DEPOSITS

Month/Year	Number of Reservations	Number of Cancellations/ Refunds	Net Reservations for Month	Cumulative Units Reserved	Cumulative % of Total Units
March 2018	24	0	24	24	18.8%
April 2018	39	2	37	61	47.7%
May 2018	25	0	25	86	67.2%
June 2018	27	1	26	112	87.5%
July 2018	13	3	10	122	95.3%
August 2018	7	3	4	126	98.4%
September 2018	[#]	[#]	[#]	[#]	[#]%
October 2018	[#]	[#]	[#]	[#]	[#]%
Total	[#]	[#]	[#]	[#]	[#]%

Source: The Company

As a result of the interest shown in the Expansion Independent Living Units, the Company has started the Leaders Club List (the "Leaders Club List") for prospective Life Care Residents. In order to join the Leaders Club List, prospective Life Care Residents submit a confidential data profile, including health and financial disclosure, execute the Beacon Pointe Leaders Club Agreement and submit a deposit equal to the Reservation Deposit for their preferred apartment style. Prospective Life Care Residents on the Leaders Club List will have priority in selecting their preferred unit should the current depositor ever cancel their Reservation Agreement. There are currently [5] people on the Leaders Club List. The Leaders Club deposit is fully refundable at any time, pursuant to the terms of the Beacon Pointe Leaders Club Agreement.

The data submitted by prospective Life Care Residents are evaluated and reviewed by the Company to determine the suitability of applicants for residency at the Community. A description of the criteria used to evaluate prospective Life Care Residents' applications is set forth in "Residency Agreements – Admission Requirements" herein. Prospective Life Care Residents are subsequently notified of the decision to accept or reject the application. In the case of prospective Life Care Residents accepted for residency, Reservation Agreements are executed by the prospective Life Care Residents and the Company. Additionally, prospective Life Care Residents pay the initial 10% reservation deposit at the time the Reservation Agreement is executed. In the case of a depositor's cancellation, the initial 10% Reservation Deposit is refunded in full, pursuant to the refund terms of the Reservation Agreement.

PROJECT DEVELOPMENT

The Development Consultant

The Company entered into a Development Consulting Agreement effective June 7, 2016 (the "Development Consulting Agreement") with GCD Florida, LLC (collectively with all affiliates, "Greystone"). Pursuant to the Development Consulting Agreement, Greystone's role is to provide certain professional and consulting services related to the planning and development of the Project and marketing of the Expansion Independent Living Units.

Greystone is owned by Greystone Partners II LP, a privately held partnership including employees of Greystone. Greystone Partners II LP and its operating predecessors have a history of working in the senior living industry since 1982. Greystone specializes in providing planning, development, marketing, management, and strategic consulting services related to all areas critical to the senior housing and services business. Greystone currently has a staff of approximately 95 persons.

Greystone Development Consulting Experience

Greystone and its affiliates are currently providing, or have providing, development services for more than 160 senior living community development and expansion projects. Senior living communities, both completed and in process, for which Greystone and its affiliates have provided development services within the last five years include the following:

Facility	Location	Year Construction Completed/Estimated to be Completed
Royal Oaks – Phase I	Sun City, AZ	Est. 2022
Oak Trace – Phase II	Downers Grove, IL	Est. 2021
Cloverwood – Phase II	Rochester, NY	Est. 2021
Stevenson Oaks	Fort Worth, TX	Est. 2021
El Castillo – Ghost Ranch	Santa Fe, NM	Est. 2020
Friendship Village of Waterloo	Waterloo, IA	Est. 2020
Friendship Village of Bloomington	Bloomington, MN	Est. 2020
Legacy Pointe at UCF	Oviedo, FL	Est. 2020
The Colonnade of Estero	Estero, FL	Est. 2020
The Farms at Bailey Station	Collierville, TN	Est. 2020
Village on the Green	Longwood, FL	Est. 2020
RiverWoods Durham	Durham, NH	Est. 2019
Oak Trace – Phase I	Downers Grove, IL	Est. 2019
Friendship Village of South Hills	Upper St. Clair, PA	Est. 2019
Abbey Delray	Delray Beach, FL	Est. 2019
The Village at Mary's Woods – Stage II	Lake Oswego, OR	Est. 2019
Woodlands at Furman – Villa Expansion	Greenville, SC	Est. 2019
The Village at Mary's Woods – Stage I	Lake Oswego, OR	Est. 2019
Miralea – Phase III	Louisville, KY	2018
The Meadows at John Knox Village	Lee's Summit, MO	2018
Deerfield	Urbandale, IA	2018
Edgemere – Phase III	Dallas, TX	2017
The Buckingham – Phase II	Houston, TX	2017
Gulf Coast Village	Cape Coral, FL	2017
Baptist Life Communities	Alexandria, KY	2017
Santa Marta	Olathe, KS	2016
The Terraces at Los Altos – Phase III	Los Altos, CA	2016
The Courtyards at John Knox Village	Lee's Summit, MO	2016
The Westerly at Wichita Presbyterian Manor	Wichita, KS	2015
East Ridge Retirement Village – Phase II	Miami, FL	2015
Miralea – Phase II	Louisville, KY	2015
The Crossings	League City, TX	2015
The Terraces of Boise	Boise, ID	2015
El Castillo Retirement Residences	Santa Fe, NM	2015
The Terraces at Los Altos – Phase II	Los Altos, CA	2015
Wichita Presbyterian Manor	Wichita, KS	2014
The Terraces at Los Altos – Phase I	Los Altos, CA	2014
The Terraces at San Joaquin Gardens – Phase II	Fresno, CA	2014
The Barrington of Carmel	Carmel, IN	2014
Redstone Village – Phase V	Huntsville, AL	2013
Edgewood Summit – Phase III	Charleston, WV	2013
The Terraces at Bonita Springs	Bonita Springs, FL	2013
Arbor Oaks at Crestview	Bryan, TX	2013

Source: Greystone

Greystone Corporate Offices

The senior corporate officers of Greystone include the following individuals:

Michael B. Lanahan, Co-Chairman.

Mr. Lanahan founded Greystone in 1982 and now serves as Co-Chairman. Mr. Lanahan's responsibilities include assuring Greystone's resources are aligned with client needs and positioning the company to succeed in a changing senior living environment. Mr. Lanahan was formerly a Senior Vice President with Blyth Eastman Paine Webber Health Care Funding in New York. He received his B.A. from Syracuse University and M.B.A. from the University of Virginia.

Paul F. Steinhoff, Jr., Co-Chairman.

Mr. Steinhoff joined Greystone in 1984 and now serves as Co-Chairman. Mr. Steinhoff's responsibilities include strategic financial planning, assuring the professional development of Greystone's staff and interfacing with investors in Greystone developments. Mr. Steinhoff was formerly a Partner with Touche Ross & Co. (now Deloitte & Touche). He received his B.B.A. in Business Statistics and his M.B.A. in Accounting and Finance from the University of Texas. Mr. Steinhoff is a Certified Public Accountant.

Mark P. Andrews, Co-Chief Executive Officer.

Mr. Andrews joined Greystone in 1984 and now serves as Co-CEO. His responsibilities include overseeing the planning, finance, marketing, development, and management divisions of Greystone. Mr. Andrews was formerly with the management consulting practice of Deloitte & Touche. He received his B.A. from the University of the South and his M.B.A. from the A.B. Freeman School of Business at Tulane University.

John C. Spooner, Co-Chief Executive Officer.

Mr. Spooner joined Greystone in 1986 and now serves as Co-CEO. His responsibilities include managing and driving annual business performance, formulating and executing strategies for clients, and interacting with clients, employees, investors and other stakeholders. Mr. Spooner speaks publicly on a range of topics involving the business of senior living. He received his B.A. in Public Administration from Drake University, an Advanced Fellowship in Economics from University of London and completed graduate studies in Marketing at the University of Pittsburgh.

David C. McDowell, AIA, Senior Vice President.

Mr. McDowell is responsible for managing the real estate development activities at Greystone. He oversees the teams responsible for land acquisition, project planning, design coordination and construction phase activities on behalf of Greystone clients. He has more than 30 years of experience in senior living, including project design, development management and construction oversight. Before joining Greystone in 1994, Mr. McDowell was a partner at the architectural firm of Fusch-Serold and Partners, Inc. and was the principal architect for the firm's senior living work. Mr. McDowell received a Bachelor of Architecture from Texas Tech University in 1973.

Robert "Bud" Green, Senior Vice President.

Mr. Green is responsible for delivering a full range of development services to Greystone clients. This includes supervision and coordination of all design and construction consultants, including architects, engineers, contractors, land planners, interior designers, and governing authorities. Before joining Greystone in 2003, Mr. Green was Executive Vice President for a national development firm, with responsibility for all real estate development activities. Additionally, he was responsible for all real estate properties developed for the United States Postal Service.

Stuart Jackson, Senior Vice President.

Mr. Jackson's responsibilities include planning and financial structuring of senior living projects and implementation of Greystone financing programs. He also has responsibility for coordinating Business Plan, Development Plan and Strategic Plan preparation, and works with project finance teams to coordinate financing activities. Before joining Greystone in 1999, Mr. Jackson was with Arthur Andersen, LLP, providing accounting and financial advisory services to clients primarily in the real estate industry. Mr. Jackson received his Bachelor of Business Administration in Accounting from Texas A&M University. He is a Certified Public Accountant in the state of Texas.

Brad Straub, Senior Vice President.

Mr. Straub's responsibilities include planning and financial structuring of senior living projects and implementation of Greystone's financing programs. He is also responsible for coordinating Business Plan, Development Plan and Strategic Plan preparation, and works with project finance teams in coordinating financing activities. Before joining Greystone in 2003, Mr. Straub was an Associate Consultant with Bain & Company, providing strategy consulting, financial consulting and business improvement services to clients in various industries. Mr. Straub received his Bachelor of Business Administration in Accounting and Master of Science in Management Information Systems from Texas A&M University. Mr. Straub is a Certified Public Accountant in the State of Texas.

James D. Knox, Senior Vice President.

Mr. Knox leads Greystone's Financial and Operations Management Services. He oversees teams responsible for operational systems, hospitality and culture, staffing, compliance and accounting, with special emphasis on financial reporting, annual budgeting, and projection of future performance for Greystone-managed communities. Mr. Knox first joined Greystone in 1994 as a member of the Planning and Financial Services team. He previously worked with Coopers & Lybrand.

Janelle E. Wood, Senior Vice President and Chief Financial Officer.

Ms. Wood's primary responsibilities include financial planning and management functions. She has responsibility for all corporate finance and accounting activities, such as customer billing, financial reporting, budgeting and cash management. Before joining Greystone in 2000, Ms. Wood was the controller for a company in Richardson, Texas, and a consultant with PriceWaterhouse, where she provided accounting and financial services to clients in several industries. Ms. Wood received a Bachelor of Business Administration in Accounting from Baylor University. She is a Certified Public Accountant in the State of Texas.

Greystone Development Agreement

The Corporation and Greystone entered into the Development Consulting Agreement under which Greystone is responsible for providing development consulting services for the Project.

The Development Consulting Agreement calls for Greystone to provide the following services: (a) all necessary planning to implement the expansion plan approved by the Company, including any revisions thereto; (b) assistance in obtaining all necessary government approvals required for the development and construction of the Project; (c) assistance with selection of design consultants and a pre-construction consultant, and coordinating submission of plans and specifications to the Company for the Company's approval; (d) assistance with development of a resident services program; (e) assistance in the implementation of the marketing program for the Project to initial Residents; (f) assistance in securing permanent financing for the Project; (g) assistance in negotiating and awarding a construction contract for the Project, and thereafter monitoring the progress of construction; (h) preparation of monthly cost reports; (i) assistance in providing filing and disclosure requirements imposed by applicable law in connection with the offering of interests in the Project.

Pursuant to the Development Consulting Agreement, Greystone will assist with marketing of Beacon Pointe until 75% occupancy of Expansion Independent Living Units is achieved. In connection therewith,

Greystone will (a) advise in coordinating and managing the marketing staff to implement the overall marketing program for the Project; (b) assist in developing and supervising implementation of a marketing and sales program, including promotional, advertising and media campaigns in conjunction with an advertising firm; (c) assist in recruiting, hiring, training and monitoring the marketing and sales staff; (d) assist in identifying a location for an information center and in coordinating the design, construction, and equipping of the information center; (e) assist in developing a program for responding to public inquiries; (f) assist the Company in preparing any Resident disclosure documents; and (g) assist in developing Resident admission criteria and coordinating the process for the Company's approval of Reservation Agreements and Residency Agreements with prospective Residents.

The Company will exercise final authority on the following matters: approval of architect, other design professionals, engineering professionals, pre-construction consultants, and construction representative; approval of final working drawings; selection and engagement of a source of permanent financing, as defined in the Development Consulting Agreement, and the execution of all commitments and loan documents with respect to financing; selection and engagement of a feasibility consultant and actuarial consultant, selection and engagement of a general contractor for construction; negotiation and execution of a construction contract; final approval of all budgets for planning, development, construction and marketing prepared by Greystone, final approval and revisions of the Expansion Plan prepared by Greystone, approval of all regulatory filings or public disclosure for the Project, selection and engagement of the media and promotion firm for the Project and approval of the marketing materials for the Project, approval of all funding requisitions associated with the Project, approval of the form of Reservation Agreement and Residency Agreement and approval of all actual Reservation Agreements and Residency Agreements with residents, and approval of the resident fees, refund plans and any changes thereto.

As compensation for services rendered pursuant to the Development Consulting Agreement, the Corporation will pay Greystone a fee (the "Consulting Fee") equal to $2,752,500.

The Consulting Fee is earned and payable as follows: (i) $40,000 upon closing of the purchase of the site, (ii) $80,000 upon approval of zoning application by the City of Atlantic Beach, (iii) $198,000 upon approval of zoning application by the City of Atlantic Beach paid in 22 equal monthly payments, (iv) $20,000 upon filing of the expansion application with the Florida Office of Insurance Regulation, (v) $45,000 upon receipt of the construction cost estimate based on 100% schematic design drawings, (vi) $85,000 upon receipt of the construction cost estimate based on 100% design development drawings, (vii) $125,000 upon receipt of the guaranteed maximum price construction cost estimate based on completed construction drawings, (viii) $20,000 upon pre-sale of 25% of independent living units, (ix) $45,000 upon pre-sale of 50% of independent living units, (x) $60,000 upon pre-sale of 70% of independent living units, (xi) $597,500 upon the issuance of the Series 2018 Bonds, (xii) $312,000 paid in equal monthly payments during the construction period, (xiii) $30,000 upon pre-sale of 85% of independent living units, (xiv) $85,000 upon completion of 50% construction of the project, (xv) $85,000 upon receipt of a certificate of occupancy for the first independent living unit, (xvi) $45,000 upon occupancy for the first independent living unit (xvii) $40,000 upon receipt of a certificate of occupancy for the first assisted living unit, (xviii) $20,000 upon occupancy for the first assisted living unit (xix) $315,000 in 20 equal monthly payments commencing on the first day of the first month following occupancy by the first independent living resident in the project, (xx) $170,000 upon having achieved 50% occupancy of the independent living units (xxi) $170,000 upon having achieved 75% occupancy of the independent living units (xxii) $165,000 upon statutory release of the escrowed initial entrance fees of the project upon achieving 70% occupancy of the independent living units

The following table summarizes the payment terms related to Greystone's Consulting Fee in connection with the Community.

CONSULTING FEE SUMMARY

Fees paid prior to issuance of Series 2018 Bonds (June 2016 to December 2018):	$ 748,000
Fees paid after issuance of Series 2018 Bonds:	
Fees to be paid prior to opening	
Upon closing of Series 2018 Bonds	$ 597,500
During construction (December 2018 to [date]	312,000
Upon completion of 50% construction	85,000
Upon receipt of certificate of occupancy for first independent living unit	85,000
Upon receipt of certificate of occupancy for first assisted living unit	40,000
Subtotal fees paid prior to opening	$1,119,500
Fees to be paid after opening	
Upon occupancy by the first independent living resident	$ 45,000
Upon occupancy by the first assisted living resident	20,000
20 equal monthly payments over fill-up	315,000
Upon achieving of 50% occupancy	170,000
Upon achieving of 75% occupancy	170,000
Upon release of escrowed initial entrance fees	165,000
Subtotal fees paid after opening	$ 885,000
Total Consulting Fees	$2,752,500

Source: The Company and Greystone

Pursuant to the terms of the Development Agreement, the Corporation will also reimburse Greystone for all reasonable out-of-pocket travel expenses for personnel employed by Greystone, and a 3.5% administrative fee on the Consulting Fee to cover miscellaneous office expenses.

The General Contractor

The Obligor has selected LECESSE Construction as the General Contractor ("General Contractor") for the Community. The General Contractor is a large construction management firm with offices in New York and Florida, whose work is concentrated in New York, New England, the Mid-Atlantic, Mid-Western and Southeastern states.

The General Contractor has constructed or renovated multiple public and private buildings specializing in senior housing and healthcare facilities, large multi-family housing campuses, higher education campuses and cultural centers. In addition to providing professional construction management, the General Contractor also offers conceptual estimating services, value engineering services, design-build, design-build plus services and real estate development expertise.

Recent senior housing projects of the General Contractor include the following:

Project	Location	Year Complete	Number of Units
Canterbury Woods	Buffalo, NY	Current	59
Jewish Senior Life	Rochester, NY	Current	108
Gulf Coast Village Expansion	Cape Coral, FL	Current	128
GrandeVille at JubiLee	Orlando, FL	2015	330
East Ridge Retirement Village	Coral Gables, FL	2016	261
Villa Grande on Saxon	Orange City, FL	2009	120
Grandeville on Avalon Park	Orlando, FL	2008	487
Shaker Pointe Phase II	Latham, NY	2014	198
Kendal at Ithaca	Ithaca, NY	Current	72
Peconic Landing	Greenport, NY	2016	73
The Barrington at Carmel	Carmel, IN	2014	368
The Wartburg SNF	Mt. Vernon, NY	2013	40
Coburg Village Expansion	Rexford, NY	2012	78
Shaker Pointe Phase I	Latham, NY	2012	10
Camphill - Elder Initiative	Chatham, NY	2012	78
Fairport Apartments	Fairport, NY	2012	104
Highlands of Pittsford: New Life	Pittsford, NY	2012	N/A
Jewish Home QLIP Renovations	Rochester, NY	2012	362
St. Ann's Home - Webster 2010	Webster, NY	2012	72
St. Ann's Home - Portland 2010	Rochester, NY	2012	82
Hillhaven	Pittsford, NY	2011	11
Samaritan Senior Village	Watertown, NY	2011	288
CDS Monarch	Webster, NY	2011	45
Lodge at Avila	Albany, NY	2011	40
The Friendly Home	Rochester, NY	2011	201
Boulders at RiverWoods	Exeter, NH	2010	142
Glenmere Expansion Project	Pittsford, NY	2010	30
Arbor Ridge	Rhinebeck, NY	2009	80
Good Shepherd	Endwell, NY	2009	218

Source: Lecesse

Construction Contract and Construction Schedule

The Obligor has entered into a guaranteed maximum price construction contract (the "Construction Contract") with the General Contractor. The sum of the cost of the Work (as defined therein) and the General Contractor's fee is guaranteed by the General Contractor not to exceed $[XX], subject to additions and deductions by change order as provided in the Construction Contract.

The difference as of the date of final payment between (i) the total aggregate sum of the cost of the Work plus the General Contractor's fee and (ii) the Guaranteed Maximum Price upon final completion of the Work (such difference equals the savings) will be shared by the Obligor and the General Contractor as follows: [seventy-five percent (75%)] of such savings will inure to the benefit of the Obligor and the remainder will be paid to the General Contractor as an additional fee.[need to confirm contract specifics]

The Construction Contract requires the General Contractor, assuming notice to proceed no later than [date], to substantially complete construction of Beacon Pointe within [#] days with substantial completion of the Expansion Independent Living Units in [#] days; the Expansion Assisted Living Units in [#] days; the Expansion Skilled Nursing Units in [#] days; the Windward Commons Renovation in [#] days; and the Mainstreet Dining in [#] days. In the event the General Contractor does not substantially complete each construction component within the

specified construction period, the General Contractor will be liable for liquidated damages for each day of delay past the required date of substantial completion for each stage of the project, as outlined in the following chart.

Length of Delay	Liquidated Damages
Independent Living – Phase 1	$4,000 per day
Independent Living – Phase 2	$6,500 per day
Windward Commons	$3,000 per day
Mainstreet Dining	$2,500 per day
Healthcare Building	$5,000 per day

The General Contractor is required under the Construction Contract to furnish the Obligor with a performance bond and a labor and materials payment bond, each in the amount of the Guaranteed Maximum Price under the Construction Contract.

The Architects

AG Architecture, Inc. (the "Architect") will be providing architectural and structural design services for the Project. The Architect's current and historical design responsibilities have ranged from master planning entire new communities to designing subsidized housing and expansion, renovations and additions to existing facilities. Continuing care retirement community projects completed by the Architect in the last ten years include:

Facility	Location	Year Construction Completed
Edgemere	Dallas, TX	2018
The Meadow Active Lifestyle Community	Louisville, KY	2018
Village Pointe Commons	Grafton, WI	2018
Palmview at Gulf Coast Village	Cape Coral, FL	2017
Terraces of Boise	Boise, ID	2016
The Westerly Residences at Wichita Presbyterian Manor	Wichita, KS	2016
Hillcrest Country Estates	Papillion, NE	2016
East Ridge at Cutler Bay	Cutler Bay, FL	2015
The Terraces at Bonita Springs	Bonita Springs, FL	2014
The Barrington of Carmel	Carmel, IN	2014
The Retreat at Buffalo Hill	Kalispell, MT	2012
Miralea	Louisville, KY	2012
Aberdeen Heights	Kirkwood, MO	2012
Haven Hospice	Orange Park, FL	2012
Mercy Circle	Chicago, IL	2011
The Waterford	Juno Beach, FL	1978/2009
Edgewater	Des Moines, IA	2009
New Castle Place	Mequon, WI	2009
Stoneridge	Mystic, CT	2008
Three Crowns Park	Forsyth, IL	2008

Source: AG Architecture

[The Construction Monitor]

The Construction Monitor, [company name] a full-service national construction consulting company founded in 1989 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 Project during the construction period. In addition, [company name] has provided the consulting services described below.

Prior to construction, the Construction Monitor's responsibilities include conducting a review of the scope of the Project, including engineering designs, project budgets, drawings, specifications, permits, construction contracts and fees, holding a meeting with the project team to verify current site conditions, reviewing outstanding issues and documents, and establishing an action list, and issuing a final pre-closing report. In its report, [company name] will review and comment on, among other things, whether (i) the design for the Project is suitable for the type of project and geographic area; (ii) the geotechnical report was prepared in accordance with industry standards; (iii) the Phase I Environmental Site Assessment was prepared in accordance with industry standards; (iv) the Phase II Environmental Site Assessment (if required) was prepared in accordance with industry standards; (v) required design documents and permits will be achieved as required without interruption of the critical path of the Project; (vi) the ALTA/ASCM Land Title Survey of the Site indicated that no designated rights-of-way, easements or portions of the site are within a special flood hazard area; (vii) the required utilities will be available to the site and meet the capacity requirements of the Project; (viii) the projected construction schedule for substantial completion is achievable based on the proposed scope of work; and (ix) in view of the Project budgets for construction, permits, fees, architectural and engineering, furnishings and contingency, adequate funds will be available to complete construction and obtain the required certificate of occupancy and licenses for operations.

During the construction process, the Construction Monitor will be responsible for (i) reviewing and certifying all disbursement requests for the payment of expenses incurred by the Corporation for work, labor, materials and equipment furnished in connection with the construction of the Project that are included in the Construction Contract; (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; and (iii) reporting to the holders of the Bonds, no less than monthly, the status of the Project including (a) whether the total Project account balance (including estimated investment income) is sufficient to pay the expected remaining Project costs of completing the Project in accordance with the Project budget and that there is no Project deficit; (b) the current timing of the Project; and (c) the amount of remaining contingency funds.

Owner's Representative

The owner's representative ("Owner's Representative"), Clark Advisory Services ("CAS"), is located in Jacksonville, Florida. John Clark, the founder and principal of CAS, has extensive experience in construction management on a wide variety of construction product types. Mr. Clark has worked with clients on new construction as well as remodeling and expansions of existing often occupied facilities. His experience also includes hardened, highly technical and data-driven public-sector projects, AHCA regulated health care facilities and mixed-use residential developments. Mr. Clark's experience includes the following projects: the Derfer Pavilion Renovation and Expansion in Atlantic Beach, Florida, the Yard at Ivanhoe in Orlando, Florida, the Exploration Tower in Port Canaveral, Florida, the Cruise Terminal 6 also in Port Canaveral, the Vicar's Landing Campus Renovation and Expansion in Ponte Verdra, Florida, the Pablo Towers Renovation in Jacksonville Beach, Florida, the Guardian Catholic School Renovation and Expansion in Jacksonville, Florida, the John E. Polk Correctional Center in Seminole County, Florida, the Emergency Operations and Police Administration Center in Green Cove Springs, Florida and the Sheriff Administration and Emergency Operations Center in Nassau County, Florida. Mr. Clark is a graduate of the University of Washington's Construction Management program.

HISTORICAL FINANCIAL INFORMATION

Summary Statements of Operations

The following summaries of the Statement of Operations, Balance Sheets and Statement of Cash Flows of the Company for the three fiscal years ended December 31, 2015 through 2017 is derived from the financial statements of the Company which have been audited by Moore Stephens Lovelace, P.A., independent certified public accountants. Copies of the audited financial statements for the fiscal years ended December 31, 2015 through 2017 are included in Appendix B to this Preliminary Official Statement. The data set forth in the following tables for each full fiscal year presented should be read in conjunction with the financial statements and related notes included in Appendix B to this Preliminary Official Statement. The operating results of the Company for the nine months ended September 30, 2017 and 2018 are derived from the unaudited financial statements of the Company. The unaudited financial statements include all adjustments, consisting of normal recurring accruals that the Company considers necessary for a fair presentation of the Statement of Operations, Balance Sheet and Statement of Cash Flows for the periods covered by the unaudited financial statements.

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STATEMENT OF OPERATIONS

	Nine Months Ended September 30,		Fiscal Years Ended December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT:					
Resident services and healthcare fees	$[]	$18,654,516	$25,094,634	$24,422,663	$23,645,342
Entrance Fees earned	[]	5,354,139	7,931,083	7,372,270	7,611,681
Contributions	[]	364,959	511,259	119,731	96,650
Investment and other income	[]	1,427,529	2,394,020	1,493,705	1,818,745
Net assets released from restriction	[]	0	460,380	100,786	101,811
Total unrestricted revenue, gains, and other support	$[]	$25,801,143	$36,391,376	$33,509,155	$33,274,229
OPERATING EXPENSES:					
Health center	[]	$3,231,218	$4,424,449	$3,948,405	$3,982,107
General and administrative	[]	4,132,032	5,582,273	5,323,275	5,193,201
Plant and maintenance services	[]	2,819,402	3,826,150	3,706,882	3,770,682
Food services	[]	3,868,814	5,192,628	4,934,604	4,830,359
Home health	[]	487,905	660,528	633,000	565,644
Environmental services	[]	1,014,495	1,376,920	1,281,199	1,305,834
Assisted living	[]	1,483,104	2,006,812	1,966,298	2,082,635
Other resident services	[]	403,368	542,806	435,819	453,709
Other expense	[]	56,250	75,000	75,000	20,845
Interest and Bank charges	[]	2,024,968	2,733,372	2,517,574	2,578,362
Depreciation and Amortization	[]	4,068,691	5,623,656	5,291,477	4,993,348
Total Operating expenses	$[]	$24,369,678	$33,099,511	$31,072,101	$30,826,000
Operating Income	$[]	$1,431,465	$3,291,865	$2,437,054	$2,448,229
OTHER NONOPERATING GAIN (LOSS) AND TEMP. RESTRICTED NET ASSETS:					
Loss on disposal of equipment	$[]	$0	$(46,895)	$(52,935)	$(36,652)
Change in value of Gift Annuities	[]	(4,000)	(42,549)	(33,488)	(41,685)
Change in net unrealized gains / losses on investments	[]	2,395,438	3,155,062	1,708,215	(1,873,256)
Change in temporarily restricted net assets	[]	21,126	(420,824)	(5,124)	(2,832)
Change in Net Deficit	$[]	$3,844,029	$5,936,659	$4,053,722	$423,804

BALANCE SHEETS

	As of September 31,		As of December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$[]	$8,433,366	$8,231,900	$11,670,224	$9,245,874
Investments	[]	24,994,478	27,644,203	18,848,146	16,735,859
Current portion of assets whose use is limited	[]	1,055,000	1,090,000	1,055,000	1,025,000
Accounts Receivable, net	[]	1,235,485	1,204,188	2,225,580	1,311,566
Inventories	[]	150,173	150,360	143,419	125,509
Prepaid expenses and other current assets	[]	610,182	578,563	680,927	725,951
Total Current Assets	$[]	$36,478,684	$38,899,214	$34,623,296	$29,169,759
ASSETS LIMITED AS TO USE	[]	22,031,054	18,184,231	18,866,070	23,140,598
PROPERTY AND EQUIPMENT, Net	[]	80,491,001	83,125,897	78,946,584	73,384,931
Total Assets	$[]	$139,000,739	$140,209,342	$132,435,950	$125,695,288
LIABILITIES and NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$[]	$2,785,277	$4,686,836	$3,444,103	$2,197,773
Accrued interest	[]	1,037,501	343,990	348,977	352,575
Current portion of long-term debt	[]	1,055,000	1,290,000	1,055,000	1,025,000
Line of credit	[]	2,146,000	2,146,000	2,500,000	
Refundable deposits held in trust	[]	1,315,656	1,514,227	1,046,679	742,586
Total Current Liabilities	$[]	$8,339,434	$9,981,053	$8,394,759	$4,317,934
Deferred income – entrance fees	[]	61,798,859	61,264,332	58,075,699	57,848,794
Refundable entrance fees	[]	5,434,930	4,745,155	6,308,230	6,716,875
Long-term debt, less current portion	[]	55,873,214	54,549,982	55,923,142	57,131,607
Gift annuity obligation	[]	516,350	538,237	540,196	539,876
Total Liabilities	$[]	$131,962,787	$131,078,759	$129,242,026	$126,555,086
NET ASSETS (DEFICIT)					
Unrestricted	$[]	$6,953,527	$9,030,280	$2,672,797	$(1,386,049)
Permanently restricted	[]	40,590	40,590	40,590	40,590
Temporarily restricted	[]	43,835	559,713	480,537	485,661
Total Net Assets	$[]	$7,037,952	$9,130,583	$3,193,924	$(859,798)
Total Liabilities and Net Assets	$[]	$139,000,739	$140,209,342	$132,435,950	$125,695,288

STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,		Fiscal Years Ended December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net deficit	$[]	$3,844,028	$5,936,659	$4,053,722	$423,804
Adjustments to reconcile change in net deficit to net cash provided:	[]				
Depreciation and amortization	[]	4,068,691	5,623,656	5,291,477	4,993,348
Amortization of bond cost	[]	90,746	113,110	93,286	84,771
Amortization of bond premium	[]	(140,674)	(187,567)	(200,310)	(215,087)
Provision for doubtful accounts	[]	56,250	75,000	75,000	20,845
Change in net unrealized (gains) /losses	[]	(2,395,438)	(3,155,062)	(1,708,215)	1,873,256
Entrance fees earned	[]	(5,354,139)	(7,931,083)	(7,372,270)	(7,611,681)
Entrance fees received	[]	10,384,190	12,937,830	8,246,808	12,690,597
Entrance fees refunded	[]	(90,046)	(507,418)	(1,576,864)	(617,680)
Loss (gain) on disposal of property and equipment	[]	0	46,895	52,935	36,652
Changes in operating assets and liabilities	[]	(213,156)	97,330	(69,348)	778,729
Net cash provided by operating activities	$[]	$10,250,452	$13,049,350	$6,886,221	$12,457,554
CASH FLOWS FROM INVESTING ACTIVITIES					
Net change in assets whose use is limited	$[]	$(769,546)	$3,801,901	$5,952,743	$3,895,370
Net change in short-term investments	[]	(6,146,332)	(8,796,057)	(2,112,287)	(2,589,953)
Additions to property, equipment and construction in progress	[]	(5,613,109)	(9,390,210)	(9,609,396)	(10,249,850)
Net cash used in investing activities	$[]	$(12,528,987)	$(14,384,366)	$(5,768,940)	$(8,944,433)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of deferred financing	$[]	$0	$(8,703)	$(46,441)	$0
Refundable entrance fees received	[]	0	0	0	1,926,000
Refundable entrance fees refunded	[]	(873,300)	(1,131,075)	(408,645)	(1,646,600)
Change in refundable deposits held in trust	[]	268,977	467,548	304,093	232,041
Net gift annuity activity	[]	0	(22,078)	(16,938)	0
Proceeds from note payable	[]	498,000	498,000	2,500,000	0
Payments on short term debt	[]	(852,000)	(852,000)	0	0
Payments on long term debt	[]	0	(1,055,000)	(1,025,000)	(995,000)
Net cash used in financing activities	$[]	$(958,323)	$(2,103,308)	$1,307,069	$(483,559)
Increase (decrease) in cash and cash equivalents	$[]	$(3,236,858)	$(3,438,324)	$2,424,350	$3,029,5562
Cash and cash equivalents at beginning of year	$[]	$1,670,224	$11,670,224	$9,245,874	$6,216,312
Cash and cash equivalents at end of period	$[]	$8,433,366	$8,231,900	$11,670,224	$9,245,874

Management's Discussion of Results of Operations and Financial Condition

Fiscal year 2017 compared to fiscal year 2016 and for the periods ended September 30, 2018 and 2017.

[Language to be provided by Fleet]

Debt Service Coverage

The following table sets forth the historical debt service coverage ratio for the Corporation for the fiscal years ending Dec 31, 2015 through 2017 and for the nine months ended September 30, 2017 and 2018. The historical long-term debt service coverage ratios set forth below are calculated as required by the Master Trust Indenture. The financial information regarding Income Available for Debt Service for fiscal years ending Dec 31, 2015 through 2017 is derived from the audited financial statements. The financial information regarding Income Available for Debt Service for the nine months ended September 30, 2017 and 2018 are derived from the unaudited September 30, 2017 and 2018 financial statements of the Company.

ANNUAL DEBT SERVICE

	Nine Months Ended September 30,		Fiscal Years Ended December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
Total Interest:					
2013A&B and BBVA Compass	$[]	$2,195,210	$2,928,143	$2,896,209	$2,925,021
Principal:					
Series 2013A	[]	0	1,055,000	$1,025,000	995,000
BBVA Line of Credit	[]	354,000	354,000	0	0
BBVA Promissory Note	200	0	0	0	0
Total Debt Service	$[]	$2,549,210	$4,380,879	$3,921,209	$3,920,021

Source: The Company

DEBT SERVICE COVERAGE RATIO

	Nine Months Ended September 30,		Fiscal Years Ended December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
Change in Net Deficit:			5,936,659	4,053,722	423,804
Deduct:					
Entrance Fees Amortized			(6,158,213)	(5,681,914)	(6,047,635)
Contract Settlement Fees			(1,772,870)	(1,690,356)	(1,564,046)
Restricted Contributions			(39,556)	(95,662)	(28,979)
Net Unrealized Gain on Investments			(49,855)	(34,213)	(38,564)
Gain on Asset Disposition				(347,147)	
Add:					
Depreciation and Amortization			5,626,656	5,291,475	5,078,119
Interest Expense			2,733,372	2,517,574	2,493,591
Net Unrealized Loss on Investments			(3,155,062)	(1,708,215)	1,873,256
Change in value of Gift Annuities			42,549	33,488	41,685
Gains on Asset Dispositions			46,895	52,935	36,652
Entrance Fees received, net of Refunds			11,299,337	6,261,299	12,352,317
Less: Initial Entrance Fees					
Funds Available for Debt Service			14,506,912	8,652,986	14,620,200
Total Debt Service for 12 months preceding 12/31			4,337,140	3,940,442	3,919,661
Historical DCSR			3.34	2.20	3.73
Pro forma Maximum Annual Debt Service Series (2013A/B Bonds)			2,839,894	2,839,894	2,839,894
Historical Pro-forma DSCR Series 2013A Bonds			5.11	3.05	5.15
Debt Service Series 2013A/B Bonds			3,888,239	3,888,239	3,888,239
Historical Pro-forma DSCR (Series 2013A/B Bonds			3.73	2.23	3.76

Historical Days Cash on Hand

The following table shows Days Cash on Hand for the Corporation for the fiscal years ending December 31, 2015 through 2017 and for the nine months ended September 30, 2017 and 2018.

DAYS CASH ON HAND

	Nine Months Ended September 30,		Fiscal Years Ended December 31,		
	Unaudited 2018	Unaudited 2017	2017	2016	2015
Cash and cash equivalents		8,433,366	8,231,900	11,670,224	9,245,874
Investments		24,994,478	27,644,203	18,848,146	16,735,859
Assets Whose Use Is Limited:					
Minimum Liquid Reserve Accounts		11,299,551	11,299,551	11,102,955	10,566,558
Less: Debt Service Reserve portion		(3,830,456)	(3,830,456	(3,830,456)	(3,830,456)
Wait List Escrow [(1)]					
Refundable Entrance Fees		5,434,930	4,745,155	6,308,230	6,716,875
Charitable Purpose Fund - Unrestricted [(2)]					
Total Cash and Investments		46,331,869	48,090,353	44,099,099	39,434,710
Annual Cash Operating Expenses					
Operating Expense		24,369,678	33,099,511	31,072,101	30,826,000
Depreciation and amortization		(4,068,691)	(5,623,656)	(5,291,477)	(5,078,119)
Provision for bad debt		(56,250)	(75,000)	(75,000)	(20,845)
Other Non-cash items		170,238	194,768	397,868	431,070
Total Operating Expenses for Calculation		20,414,975	27,595,623	26,103,492	26,158,106
Annualized Expenses [(3)]		27,219,967	27,595,623	26,103,492	26,158,106
Daily Cash Operating Expenses		74,575	75,604	71,516	71,666
Days Cash on Hand		621	636	617	550

[(1)] - This represents amounts in the waitlist escrow account that are available to pay expenses or debt service.

[(2)] - This represents the unrestricted portion of the charitable purpose fund available to pay expense or debt service.

[(3)] - The July 31, 2013 operating expenses were annualized by dividing expenses by 7 and multiplying by 12.

INVESTMENT POLICY

Funds held under the Bond Indenture are required to be invested in Permitted Investments (as defined in the Bond Indenture). All other funds are required to be invested according to the revised Investment Policy Statement of the Company (the "Investment Policy") adopted by the Finance Committee (the "Committee") of the Board of Directors, which policy may be modified from time to time and is formally reviewed and reported to the Board of Directors at least annually. The objectives of the Investment Policy are to:

Produce competitive rates of return and minimize losses in comparison to the appropriate benchmark/index set forth in the Investment Policy;

Preserve the principal value of the Company's funds;

Realize increased value in the investment base;

Ensure the availability of cash to meet projected operating and capital requirements; and

Limit risk exposure through prudent diversification of investments into funds or portfolios demonstrating strong performance and sound investment strategies.

The Committee has retained an outside investment advisor (the "Manager") to assure that all investments are managed in a prudent and professional manner and in compliance with the stated objectives and constraints of the Investment Policy. Pursuant to the Investment Policy, the Manager must be a Registered Investment Advisor or part of a bank or insurance company. Subject to certain limitations, the stated objectives, and an annual review process set forth in the Investment Policy, the Committee has delegated direct control over investment decisions to the Manager.

The Committee has developed the policies and restrictions set forth in the Investment Policy to be consistent with the risk tolerances of the Company while minimizing interference with the Manager's efforts to attain the Company's overall investment objectives. The Investment Policy defines the asset allocation policies for the Company's four investment portfolios: the Debt Service Reserve, the Operating Reserve, the Renewal and Replacement Reserve, and the Operating Fund. The Investment Policy provides that the Manager shall only invest the Debt Service Reserve, the Operating Reserve, and the Renewal and Replacement Reserve in portfolios comprised of U.S. Treasury bonds with a maximum average life of 7 years. Further, the Investment Policy provides that the Manager shall invest up to 60% of the Invested Excess Operating Funds in equity securities (e.g., index funds) and the balance in fixed income securities (e.g., intermediate public and private bond indexes and short-term U.S. Treasury securities).

In order to achieve a prudent level of portfolio diversification, the Investment Policy provides that there shall be no undue concentration of a specific account's assets in the securities of a single issuer or industry sector. The Investment Policy provides specific guidelines on the type, grade and amount the Manager may devote to certain investments within the equity, fixed income, and cash and equivalents asset classes, including restrictions on the extent to which holdings in one security and/or industry sector are permitted within each class.

The Manager is prohibited from investing in private placements, letter stock, and uncovered options; or from engaging in short sales, margin transactions or other specialized investment activities. The Manager also is prohibited from making investments in financial futures (including, but not limited to, fixed income and interest rate futures), commodities, and currency exchange contracts. It is expected that no assets will be invested in securities whose issuers are in bankruptcy proceedings.

APPENDIX B

AUDITED FINANCIAL STATEMENTS

APPENDIX C

FINANCIAL FEASIBILITY STUDY

APPENDIX D

DEFINITIONS OF CERTAIN TERMS AND EXCERPTS OF CERTAIN PROVISIONS OF CERTAIN PRINCIPAL DOCUMENTS

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

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 Issuer believes the source of such information to be reliable, but takes no 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, (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 will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the total aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by 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 has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Indentures or the Loan Agreements. For example, Beneficial Owners of the Bonds may wish to ascertain

that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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, premium and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustee, on a payment 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 of 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 principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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 and series 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 Obligor'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.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE