

RESOLUTION NO. 92- 109

A RESOLUTION APPROVING THE ISSUANCE BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS HOSPITAL REVENUE BONDS, SERIES 1992 (FLAGLER HOSPITAL PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$28,000,000 FOR THE PURPOSES OF (A) REFUNDING A PORTION OF THE ST. JOHNS COUNTY, FLORIDA, HOSPITAL REVENUE BONDS, 1986 SERIES A (FLAGLER HOSPITAL, INC. PROJECT), (B) PAYING OR REIMBURSING FLAGLER HOSPITAL, INC., FOR A PART OF THE COSTS OF A CAPITAL PROJECT CONSISTING OF THE ACQUISITION, RENOVATION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES, INCLUDING THE ACQUISITION AND RENOVATION OF "ST. AUGUSTINE GENERAL HOSPITAL," LOCATED OR TO BE LOCATED IN ST. JOHNS COUNTY, FLORIDA, AND TO BE OWNED AND USED BY THE HOSPITAL, IN THE OPERATION OF ITS HOSPITAL FACILITIES, (C) FUNDING A DEBT SERVICE RESERVE FUND FOR THE SERIES 1992 BONDS, AND (D) PAYING A PORTION OF THE COSTS OF ISSUING THE SERIES 1992 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL TRUST INDENTURE AND A FOURTH SUPPLEMENTAL TRUST INDENTURE AMENDING AND SUPPLEMENTING THAT CERTAIN TRUST INDENTURE, AS PREVIOUSLY AMENDED AND SUPPLEMENTED, SECURING THE SERIES 1986 BONDS, AND A FIRST SUPPLEMENTAL LOAN AGREEMENT AND A SECOND SUPPLEMENTAL LOAN AGREEMENT AMENDING AND SUPPLEMENTING THAT CERTAIN LOAN AGREEMENT SECURING THE SERIES 1986 BONDS, FOR THE PURPOSE OF MAKING CERTAIN AMENDMENTS TO SUCH DOCUMENTS RELATING TO THE SERIES 1986 BONDS, INCLUDING AMENDING THE SECURITY PROVISIONS OF SUCH DOCUMENTS TO SECURE THE SERIES 1986 BONDS UNDER A MASTER INDENTURE AND RELEASE THAT CERTAIN MORTGAGE AND SECURITY AGREEMENT, BOND GUARANTY AGREEMENT AND DEBT SERVICE RESERVE FUND RELATING TO THE SERIES 1986 BONDS IN CONNECTION THEREWITH; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS

REQUIRED IN CONNECTION WITH THE FOREGOING; APPROVING A DRAFT PRELIMINARY REMARKETING CIRCULAR WITH RESPECT TO THE SERIES 1986 BONDS IN CONNECTION WITH THE FOREGOING AND AUTHORIZING A PRELIMINARY REMARKETING CIRCULAR AND A FINAL REMARKETING CIRCULAR WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

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

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

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared as follows:

A. At the request of Flagler Hospital, Inc. (the "Hospital"), St. Johns County, Florida (the "Issuer"), has heretofore issued \$23,300,000 in aggregate principal amount of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Series 1986 Bonds"), pursuant to a Trust Indenture dated as of August 1, 1986, between the Issuer and Irving Trust Company, now known as The Bank of New York, as trustee (the "Trustee"). Said Trust Indenture was amended and supplemented pursuant to a First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, and a Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee (said Trust Indenture, as amended and supplemented by said First Supplemental Trust Indenture and said Second Supplemental Trust Indenture, is hereinafter referred to as the "Original Indenture").

B. The Issuer issued the Series 1986 Bonds for the purpose of providing funds to the Issuer to make a loan to the Hospital pursuant to the terms of a Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (the "Original Agreement"), for the purpose of financing the cost of the acquisition, construction and equipping of a new 115-bed acute care general hospital facility now located at 400 Health Park Boulevard, south of the city limits of the City of St. Augustine, Florida (the "City"), to be owned and used by the Hospital.

C. The Hospital has requested that the St. Johns County Industrial Development Authority (the "Authority") issue its Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), in an aggregate principal amount not to exceed \$28,000,000 (the "Series 1992 Bonds"), for the purpose of providing funds to the Authority to make a loan to the Hospital for the purposes of (i) refunding a portion of the Series 1986 Bonds, (ii) paying or reimbursing the Hospital for a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities (the "Project," as hereinafter described), (iii) funding a debt service

reserve fund for the Series 1992 Bonds, and (iv) paying a portion of the costs of issuing the Series 1992 Bonds.

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

E. The Project consists of the acquisition, renovation, construction and installation of certain health care facilities, including the acquisition and renovation of an existing 115-bed acute care general hospital facility formerly known as "St. Augustine General Hospital," including the site therefor and related and appurtenant facilities, fixtures, furnishings and equipment, located at 1955 U.S. 1 South, south of the city limits of the City, and the acquisition, construction and installation of certain new capital equipment and facilities located or to be located at 1955 U.S. 1 South and 400 Health Park Boulevard, south of the city limits of the City, to be owned and used by the Hospital in the operation of its combined hospital facilities.

F. The Hospital has submitted to the Board of County Commissioners of the Issuer (the "Board") a copy of Resolution No. 92-2 adopted by the Authority (the "Bond Resolution") authorizing the issuance by the Authority of the Series 1992 Bonds for the purposes aforesaid.

G. The Bond Resolution shows that it was duly adopted by the Authority on July 9, 1992, after a public hearing, which public hearing was duly conducted by the Authority on that date upon reasonable public notice, and that at such hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the refunding of a portion of the Series 1986 Bonds, to the location and nature of the Project and to the issuance of the Series 1992 Bonds.

H. By the Bond Resolution, the Authority has recommended and requested that the Board approve the issuance of the Series 1992 Bonds, in order to satisfy the requirements of Section 147(f)(2)(ii) of the Internal Revenue Code of 1986, as amended (together with the Regulations promulgated under such Code, whether proposed, temporary or final, the "Code"), and the requirements of Section 159.47(1)(f) and 125.01(1)(z), Florida Statutes, as amended, all so that the interest on the Series 1992 Bonds will be excluded from gross income for federal income purposes under applicable provisions of the Code.

I. The Bond Resolution shows that the Authority has acted in accordance with all requirements of law and has made appropriate provisions for the Series 1992 Bonds to be issued and sold and for the proceeds of the Series 1992 Bonds to be used in accordance with all applicable requirements of law, and that the refunding of a portion of the Series 1986 Bonds and financing of a part of the costs of the Project in the manner provided in the Bond Resolution will serve significant public purposes as provided in the Act.

J. The purposes of the Act will be effectively served, and it is necessary and desirable and in the best interest of the Issuer that, the issuance of the Series 1992 Bonds be approved by the Board.

K. The Series 1986 Bonds are secured by, among other things, an irrevocable letter of credit (the "Yasuda Letter of Credit") issued by The Yasuda Trust and Banking Company, Limited, a Japanese banking corporation, acting through its New York Branch ("Yasuda"). The Hospital expects to replace the Yasuda Letter of Credit with a letter of credit (the "Kredietbank Letter of Credit") to be issued by Kredietbank N.V., a Belgian bank, acting through its New York Branch ("Kredietbank"), pursuant to Section 6.03 of the Original Indenture.

L. The Hospital desires to secure the Series 1992 Bonds, the Series 1986 Bonds and its obligations to Kredietbank with separate Master Notes (the "Master Notes") to be issued pursuant to a Master Trust Indenture (the "Master Trust Indenture"), and pursuant to separate Supplements that will specify the terms of each specific Master Note (the "Master Trust Indenture", as supplemented, is hereinafter referred to as the "Master Indenture"). Pursuant to the Master Indenture, each Master Note will constitute the joint and several obligation of the members of the Obligated Group, as defined in the Master Indenture, and shall be equally and ratably secured by a pledge and security interest in the Pledged Assets, as defined in the Master Indenture, of each member of the Obligated Group, all in the manner described in the Master Indenture.

M. In connection with the issuance of the Series 1992 Bonds, the refunding of a portion of the Series 1986 Bonds and the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit, the Hospital has requested the Issuer to enter into a Third Supplemental Trust Indenture, substantially in the form attached hereto as Exhibit A (the "Third Supplemental Indenture"), and a Fourth Supplemental Trust Indenture, substantially in the form attached hereto as Exhibit E (the "Fourth Supplemental Indenture"), to amend and supplement the Original Indenture, and a First Supplemental Loan Agreement, substantially in the form attached hereto as Exhibit B (the "First Supplemental Agreement"), and a Second Supplemental Loan Agreement, substantially in the form attached hereto as Exhibit F (the "Second Supplemental Agreement"), to amend and supplement the Original Agreement for the purposes of authorizing the restructuring of the Series 1986 Bonds described therein, including the securing of the Series 1986 Bonds with a Master Note issued under the Master Indenture, releasing the Mortgage, the Bond Guaranty and the Debt Service Reserve Fund (as such terms are defined in the Original Indenture) relating to the Series 1986 Bonds in connection therewith

and making certain other amendments to the Original Indenture and the Original Agreement to facilitate the refunding of a portion of the Series 1986 Bonds and improve the marketability of the Series 1986 Bonds.

N. Under Section 14.02 of the Original Indenture, the Original Indenture may be amended as described above by supplemental indentures, and under Section 7.04 of the Original Agreement and Section 14.03 of the Original Indenture, the Original Agreement may be amended as described above by supplemental loan agreements, with the unanimous consent of the Trustee, the Issuer, the Credit Facility Issuer, as defined in the Original Indenture, all holders of the Series 1986 Bonds (the "Series 1986 Bondholders") and the Hospital. It is expected that the Trustee, the Credit Facility Issuer, all Series 1986 Bondholders and the Hospital will consent to the Third Supplemental Indenture, the Fourth Supplemental Indenture, the First Supplemental Agreement and the Second Supplemental Agreement, that the Third Supplemental Indenture and the First Supplemental Agreement will be executed and delivered on the date of issuance of the Series 1992 Bonds and that the Fourth Supplemental Indenture and the Second Supplemental Agreement will be executed and delivered approximately thirty-one (31) days after the date of issuance of the Series 1992 Bonds.

O. Foley & Lardner, Bond Counsel, has advised the Issuer that the amendments to the Original Indenture and the Original Agreement contained in the Third Supplemental Indenture and the First Supplemental Agreement, respectively, will not be treated as resulting in a deemed exchange of the Series 1986 Bonds for new obligations for federal income tax purposes, that the amendments to the Original Indenture and the Original Agreement contained in the Fourth Supplemental Indenture and the Second Supplemental Agreement, respectively, will be treated as resulting in a deemed exchange of the Series 1986 Bonds for new obligations (the "Deemed Refunding Bonds") for federal income tax purposes and that the Deemed Refunding Bonds will be treated for federal income tax purposes as currently refunding the Series 1986 Bonds. Upon the execution and delivery of the Third Supplemental Indenture and the First Supplemental Agreement and upon the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Agreement, the Issuer will receive an opinion of Foley & Lardner, Bond Counsel, to the effect that such execution and delivery will not, in and of themselves, adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 1986 Bonds.

P. It is appropriate that the Issuer approve the distribution of a preliminary remarketing circular for the purpose of acquainting potential investors with pertinent information with respect to the foregoing matters relating to the Series 1986 Bonds and that the Issuer authorize the distribution of a final remarketing circular contemporaneously with the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit. For this purpose it is appropriate that the Draft Preliminary Remarketing Circular attached hereto as Exhibit G (the "Draft Preliminary Remarketing Circular") be approved and that preparation and distribution of a preliminary remarketing circular and a final remarketing circular in the manner hereinafter provided be authorized in substantially the form of the Draft Preliminary Remarketing Circular,

the final forms thereof to be approved by the Chairman or Vice Chairman of the Board (the "Chairman") at any time at or prior to the distribution thereof.

SECTION 3. APPROVAL OF ISSUANCE OF SERIES 1992 BONDS. The issuance of the Series 1992 Bonds as contemplated by the Bond Resolution be and is hereby approved.

SECTION 4. AUTHORIZATION OF EXECUTION AND DELIVERY OF THIRD SUPPLEMENTAL INDENTURE. The form of the Third Supplemental Indenture, a copy of which is attached hereto as Exhibit A, is hereby approved. Upon receipt by the Chairman of a certificate from the Trustee that the Trustee, the Credit Facility Issuer, all Series 1986 Bondholders and the Hospital have consented to the Third Supplemental Indenture, the Chairman is hereby authorized and directed to execute and deliver, and the Clerk or the Deputy Clerk of the Board (the "Clerk") is hereby authorized and directed to attest, under the official seal of the Issuer, the Third Supplemental Indenture, in substantially the form attached hereto as Exhibit A, with such changes therein as, Foley & Lardner, Bond Counsel, may recommend and the officers of the Issuer executing the same may approve, such recommendation and approval to be conclusively evidenced by their execution thereof.

SECTION 5. AUTHORIZATION OF EXECUTION AND DELIVERY OF FIRST SUPPLEMENTAL AGREEMENT. The form of the First Supplemental Agreement, a copy of which is attached hereto as Exhibit B, is hereby approved. Upon receipt by the Chairman of a certificate from the Trustee that the Trustee, the Credit Facility Issuer, all Series 1986 Bondholders and the Hospital have consented to the First Supplemental Agreement, the Chairman is hereby authorized and directed to execute and deliver, and the Clerk is hereby authorized and directed to attest, under the official seal of the Issuer, the First Supplemental Agreement, in substantially the form attached hereto as Exhibit B, with such changes therein as, Foley & Lardner, Bond Counsel, may recommend and the officers of the Issuer executing the same may approve, such recommendation and approval to be conclusively evidenced by their execution thereof.

SECTION 6. APPROVAL OF SUPPLEMENTAL INDENTURE FOR MASTER NOTE, SERIES 1986, AND MASTER NOTE, SERIES 1986; AUTHORIZATION OF EXECUTION AND DELIVERY OF INSTRUMENT OF TRANSFER FOR MASTER NOTE, SERIES 1986. The Supplemental Trust Indenture for Master Note, Series 1986 (the "Supplement"), and the Master Note, Series 1986, attached thereto as Appendix A, substantially in the forms attached hereto as Exhibit C, with such changes, corrections, insertions and deletions as may be approved by the Chairman and the Clerk, such approval by the Chairman and the Clerk to be evidenced conclusively by their execution of the Instrument of Transfer for the Master Note, Series 1986, thereon (the "Instrument of Transfer"), assigning the Master Note, Series 1986, to the Trustee, is hereby approved; the Instrument of Transfer, substantially in the form set forth in Appendix A to the Supplement, with such changes, corrections, insertions and deletions as may be approved by the Chairman and the Clerk, such approval by the Chairman and the Clerk to be evidence conclusively by their execution thereof, is hereby

approved; and the Issuer hereby authorizes and directs the Chairman to execute and the Clerk to attest, under the official seal of the Issuer, the Instrument of Transfer, upon proper execution of the Master Note, Series 1986, by the Hospital and delivery to the Issuer, and to deliver the Master Note, Series 1986, and the Instrument of Transfer thereon to the Trustee.

SECTION 7. APPROVAL OF MASTER TRUST INDENTURE. The Master Trust Indenture, substantially in the form attached hereto as Exhibit D, with such changes, corrections, insertions and deletions as may be approved by the Chairman and the Clerk, such approval by the Chairman and the Clerk to be evidenced conclusively by their execution of the Third Supplemental Indenture, is hereby approved.

SECTION 8. AUTHORIZATION OF EXECUTION AND DELIVERY OF FOURTH SUPPLEMENTAL INDENTURE. The form of the Fourth Supplemental Indenture, a copy of which is attached hereto as Exhibit E, is hereby approved. Upon receipt by the Chairman of a certificate from the Trustee that the Trustee, Kredietbank, as Credit Facility Issuer, all Series 1986 Bondholders and the Hospital have consented to the Fourth Supplemental Indenture, the Chairman is hereby authorized and directed to execute and deliver, and the Clerk is hereby authorized and directed to attest, under the official seal of the Issuer, the Fourth Supplemental Indenture, in substantially the form attached hereto as Exhibit E, with such changes therein, as Foley & Lardner, Bond Counsel, may recommend and the officers of the Issuer executing the same may approve, such recommendation and approval to be conclusively evidenced by their execution thereof.

SECTION 9. AUTHORIZATION OF EXECUTION AND DELIVERY OF SECOND SUPPLEMENTAL AGREEMENT. The form of the Second Supplemental Agreement, a copy of which is attached hereto as Exhibit F, is hereby approved. Upon receipt by the Chairman of a certificate from the Trustee that the Trustee, Kredietbank, as Credit Facility Issuer, all Series 1986 Bondholders and the Hospital have consented to the Second Supplemental Agreement, the Chairman is hereby authorized and directed to execute and deliver, and the Clerk is hereby authorized and directed to attest, under the official seal of the Issuer, the Second Supplemental Agreement, in substantially the form attached hereto as Exhibit F, with such changes therein, as Foley & Lardner, Bond Counsel, may recommend and the officers of the Issuer executing the same may approve, such recommendation and approval to be conclusively evidenced by their execution thereof.

SECTION 10. APPROVAL OF DRAFT PRELIMINARY REMARKETING CIRCULAR AND AUTHORIZATION OF PRELIMINARY REMARKETING CIRCULAR AND FINAL REMARKETING CIRCULAR. The Draft Preliminary Remarketing Circular is hereby approved, and a preliminary remarketing circular and a final remarketing circular in substantially the form of the Draft Preliminary Remarketing Circular, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the release thereof, is hereby authorized to be delivered by the Issuer to Morgan Stanley & Co. Incorporated, the Remarketing Agent for the Series 1986 Bonds (the "Remarketing Agent"), for distribution contemporaneously with the replacement of the Yasuda Letter of Credit

with the Kredietbank Letter of Credit. The Chairman's approval of the preliminary remarketing circular shall be conclusively presumed by the delivery thereof to the Remarketing Agent. The Chairman is hereby authorized to evidence the Issuer's approval of the final remarketing circular by his endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final remarketing circular.

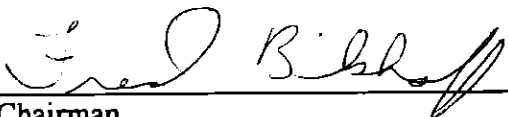
SECTION 11. OTHER ACTION. The officers of the Issuer are hereby authorized and directed to execute and deliver, or approve the execution and delivery of, such other documents and to take or approve the taking of such other actions as may be advised by the Issuer's counsel or Foley & Lardner, Bond Counsel, to be necessary or appropriate in connection with the consummation of the transactions contemplated by this Resolution and by the execution and delivery of the Third Supplemental Indenture, the Fourth Supplemental Indenture, the First Supplemental Agreement and the Second Supplemental Agreement.

SECTION 12. EFFECTIVE DATE; REPEALER. This Resolution shall take effect immediately. All prior resolutions or portions thereof, including Resolution No. 91-147 adopted September 24, 1991, to the extent inconsistent herewith are hereby repealed.

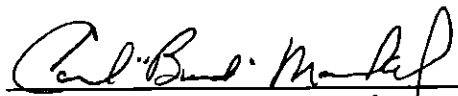
PASSED, APPROVED AND ADOPTED this fourteenth day of July, 1992.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

(OFFICIAL SEAL)

By 
Chairman

ATTEST:


Clerk of the Circuit Court for
St. Johns County, ex officio
Clerk of the Board of the County
Commissioners

LIST OF EXHIBITS

- Exhibit A -- Third Supplemental Trust Indenture
- Exhibit B -- First Supplemental Loan Agreement
- Exhibit C -- Supplemental Indenture for Master Note, Series 1986 (with Master Note, Series 1986, attached thereto as Appendix A)
- Exhibit D -- Master Trust Indenture
- Exhibit E -- Fourth Supplemental Trust Indenture
- Exhibit F -- Second Supplemental Loan Agreement
- Exhibit G -- Preliminary Remarketing Circular

EXHIBIT A

F&L Draft
07/11/92

ST. JOHNS COUNTY, FLORIDA

to

THE BANK OF NEW YORK,
as Trustee

THIRD SUPPLEMENTAL TRUST INDENTURE
Dated as of August 1, 1992

Supplementing and Amending the
TRUST INDENTURE
Dated as of August 1, 1986,
as Amended and Supplemented by the
FIRST SUPPLEMENTAL TRUST INDENTURE
Dated as of March 1, 1989
and
SECOND SUPPLEMENTAL TRUST INDENTURE
Dated as of July 1, 1992

Securing
Hospital Revenue Bonds, 1986 Series A
(Flagler Hospital, Inc. Project)

THIS THIRD SUPPLEMENTAL TRUST INDENTURE dated as of August 1, 1992 (the "Third Supplemental Indenture"), between St. Johns County, Florida (the "Issuer"), a political subdivision of the State of Florida, and The Bank of New York, formerly known as Irving Trust Company, as trustee (the "Trustee"), a banking corporation duly organized and validly existing under the laws of the State of New York, having its principal corporate trust office in New York, New York, amending and supplementing the Trust Indenture dated as of August 1, 1986, between the Issuer and the Trustee, as amended and supplemented by the First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, and the Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee (said Trust Indenture, as amended and supplemented by said First Supplemental Trust Indenture and said Second Supplemental Trust Indenture, is hereinafter referred to as the "Original Indenture");

W I T N E S S E T H:

WHEREAS, at the request of Flagler Hospital, Inc. (the "Hospital"), the Issuer has heretofore issued \$23,300,000 in aggregate principal amount of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds"), pursuant to the Original Indenture; and

WHEREAS, the Issuer issued the Bonds for the purpose of providing funds to the Issuer to make a loan to the Hospital pursuant to the terms of a Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (the "Original Agreement"), for the purpose of financing the cost of the acquisition, construction and equipping of a new 115-bed acute care general hospital facility now located at 400 Health Park Boulevard, south of the city limits of the City of St. Augustine, Florida, to be owned and used by the Hospital; and

WHEREAS, the Hospital has requested that the St. Johns County Industrial Development Authority (the "Authority") issue its Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), in an aggregate principal amount not to exceed \$28,000,000 (the "Series 1992 Bonds"), for the purpose of providing funds to the Authority to make a loan to the Hospital for the purposes of (i) refunding a portion of the Bonds, (ii) paying or reimbursing the Hospital for a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities, (iii) funding a debt service reserve fund for the Series 1992 Bonds, and (iv) paying a portion of the costs of issuing the Series 1992 Bonds; and

WHEREAS, the Bonds are secured by, among other things, an irrevocable letter of credit (the "Yasuda Letter of Credit") issued by The Yasuda Trust and Banking Company, Limited, a Japanese banking corporation, acting through its New York Branch ("Yasuda"), and, [simultaneously with the issuance of the Series 1992 Bonds,] the Hospital expects to replace the Yasuda Letter of Credit with a letter of credit (the "Kredietbank Letter of Credit") to be issued by Kredietbank N.V., a Belgian bank, acting through its New York Branch ("Kredietbank"), pursuant to Section 6.03 of the Original Indenture; and

WHEREAS, the Hospital desires to secure the Series 1992 Bonds, the Bonds and its obligations to Kredietbank with separate Master Notes (the "Master Notes") to be issued pursuant to a Master Trust Indenture and pursuant to separate supplements that will specify the terms of each specific Master Note (as supplemented, the "Master Indenture") and pursuant to the Master Indenture, each Master Note will constitute the joint and several obligation of the members of the Obligated Group, as defined in the Master Indenture, and shall be equally and ratably secured by a pledge and security interest in the Pledged Assets, as defined in the Master Indenture, of each member of the Obligated Group, all in the manner described in the Master Indenture; and

WHEREAS, in connection with the issuance of the Series 1992 Bonds, the refunding of a portion of the Bonds and the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit, at the request of the Hospital, the Issuer, by resolution duly adopted on July 14, 1992, has determined to enter into this Third Supplemental Indenture and a Fourth Supplemental Trust Indenture (the "Fourth Supplemental Indenture") to amend and supplement the Original Indenture and a First Supplemental Loan Agreement (the "First Supplemental Agreement") and a Second Supplemental Loan Agreement (the "Second Supplemental Agreement") to amend and supplement the Original Agreement for the purposes of authorizing the restructuring of the Bonds described therein, including the securing of the Bonds with a Master Note issued under the Master Indenture, releasing the Mortgage, the Bond Guaranty and the Debt Service Reserve Fund relating to the Series 1986 Bonds in connection therewith and making certain other amendments to the Original Indenture and the Original Agreement to facilitate the refunding of a portion of the Bonds and improve the marketability of the Bonds; and

WHEREAS, under Section 14.02 of the Original Indenture, the Original Indenture may be amended as described above by supplemental indentures, and under Section 7.04 of the Original Agreement and Section 14.03 of the Original Indenture, the Original Agreement may be amended as described above by supplemental loan agreements, with the unanimous consent of the Trustee, the Issuer, the Credit Facility Issuer, as defined in the Original Indenture, all holders of the Bonds (the "Bondholders") and the Hospital; and the Trustee, the Credit Facility Issuer, all Bondholders and the Hospital have consented to this Third Supplemental Indenture, the Fourth Supplemental Indenture, the First Supplemental Agreement and the Second Supplemental Agreement and the Trustee has delivered to the Chairman of the Board of County Commissioners of the Issuer a certificate that such consents have been obtained;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH that in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Issuer and the Trustee hereby agree for the equal and proportionate benefit of the holders from time to time of the Bonds, as follows:

Section 1. Definitions and Terms. Unless the context shall otherwise require, and except as provided in this Third Supplemental Indenture, the capitalized words and terms

used in this Third Supplemental Indenture shall have the meanings specified in the Original Indenture. Except as otherwise indicated or provided, words importing persons include firms, associations and corporations, and words importing the single number include the plural number and vice versa.

Section 2. Confirmation of Original Indenture. The Original Indenture and this Third Supplemental Indenture shall be read, taken and construed as one and the same instrument. Except as amended and supplemented hereby, the provisions of the Original Indenture shall remain in full force and effect.

Section 3. Amendment to Granting Clause of the Original Indenture. The Granting Clause of the Original Indenture and the paragraph immediately following such Granting Clause are hereby amended to read as follows:

"NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to provide for the payment of principal or redemption price (as the case may be) in respect of all Bonds issued and outstanding under this Indenture, together with interest accrued thereon, the rights of the Bondholders and the performance of the covenants contained in said Bonds and herein, and to secure the Hospital's obligations to the Credit Facility Issuer under the Agreement, the Issuer does hereby, without recourse, sell, assign, transfer, set over and pledge unto The Bank of New York, as Trustee, and its successors in the trust and its assigns forever: (1) all of the right, title and interest of the Issuer in and to the "Revenues" as hereinafter defined and (2) all right, title and interest of the Issuer under the Agreement and the Master Note, Series 1986, insofar as they relate to all Bonds issued and outstanding under this Indenture (except the Issuer's rights under Sections 4.03 and 5.12 of the Agreement).

TO HAVE AND TO HOLD in trust, nevertheless, for the equal and ratable benefit and security of all present and future holders of the Bonds issued and to be issued under this Indenture, without preference, priority or distinction as to lien or otherwise (except as herein expressly provided), of any one Bond over any other Bond upon the terms and subject to the conditions hereinafter set forth, and for the benefit and security of the Credit Facility Issuer (which benefit and security shall be subordinate to the benefit and security provided by this Indenture for the holders of the Bonds)."

Section 4. Amendments to Definitions in the Original Indenture. The definitions of the terms "Mortgage" and "Guarantor" contained in Article I of the Original Indenture are hereby stricken therefrom and all references to such terms and the term "Bond Guaranty" contained in the Original Indenture are hereby stricken. Article I of the Original Indenture is also hereby amended as follows:

(a) The definition of the term "Revenues" contained therein is hereby amended to read as follows:

"Revenues" means (a) all amounts payable to the Trustee with respect to the principal or redemption price of, or interest on the Bonds (i) by the Hospital under the Agreement or the Master Note, Series 1986, and (ii) by the Credit Facility Issuer under a Credit Facility, and (b) investment income with respect to any moneys held by the Trustee in the Bond Fund, the Construction Fund and the Debt Service Reserve Fund.

(b) The definition of the term "Trustee" contained therein is hereby amended to read as follows:

"Trustee" means The Bank of New York, and its successors and assigns pursuant to this Indenture.

(c) The following definitions of the terms "Master Indenture" and "Master Note, Series 1986" are hereby added alphabetically thereto:

"Master Indenture" means the Master Trust Indenture dated as of August 1, 1992, among the Hospital, Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. and Sun Bank, National Association, as Master Trustee (the "Master Trustee"), as supplemented and amended from time to time.

"Master Note, Series 1986" means the obligation so designated, issued by the Hospital under the Master Indenture and delivered to the Issuer pursuant to the Agreement.

Section 5. Amendment to Section 3.06 of Original Indenture. Section 3.06 of the Original Indenture is hereby amended to read as follows:

"Anything in this Indenture to the contrary notwithstanding, there shall be no remarketing of Bonds pursuant to this Article III after the effective date of the Fixed Rate, after the principal of the Bonds shall have been accelerated pursuant to Section 10.02 hereof, or when an Event of Default as defined in paragraphs A, B, D, E, F, G or I of Section 10.01 hereof has occurred and is continuing. The Bonds shall not be remarketed to the Hospital except in accordance with this Indenture."

Section 6. Amendment to Section 5.01 of the Original Indenture. Section 5.01 of the Original Indenture is hereby amended to read as follows:

"The Issuer has caused the Revenues to be paid directly to the Trustee. If, notwithstanding these arrangements, the Issuer receives any payments under

the Agreement (except for the Issuer's right to receive reimbursement for fees and expenses and indemnification), the Master Note, Series 1986, or a Credit Facility, the Issuer shall immediately pay over the same to the Trustee to be held as Revenues.

Section 7. Amendment to Section 5.02(b)(i) of the Original Indenture. Section 5.02(b)(i) of the Original Indenture is hereby amended to read as follows:

"(i) into the Ineligible Moneys Account, (1) all payments of principal, prepayment price or interest under the Agreement or the Master Note, Series 1986, (2) all moneys transferred from the Construction Fund pursuant to Section 4.03 hereof, and the Debt Service Reserve Fund, pursuant to Section 5.04(b)(ii) and (iv) hereof, which do not constitute Available Moneys, and (3) all other moneys received by the Trustee under and pursuant to the provisions of this Indenture or any of the provisions of the Agreement or the Master Note, Series 1986, when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into such account of the Bond Fund, provided that, in each case, after such moneys shall become Available Moneys, such moneys shall be transferred to the Eligible Moneys Account."

Section 8. Amendment to Section 9.03 of the Original Indenture. The first and second sentences of Section 9.03 of the Original Indenture are hereby amended to read as follows:

"The Trustee, on behalf of the Issuer, shall require the Hospital to perform its obligations under the Agreement and the Master Note, Series 1986. So long as no Event of Default hereunder shall have occurred and be continuing, the Trustee, as assignee of the Issuer, may exercise all its rights under the Master Note, Series 1986, and under the Agreement as amended or supplemented from time to time, including the right to amend the Agreement to cure any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or herein and to make such other provisions in regard to matters or questions arising under the Agreement which shall not be inconsistent with the provisions of the Agreement or this Indenture."

Section 9. Amendment to Section 10.01 of the Original Indenture. Section 10.01 of the Original Indenture is hereby amended by (a) deleting the period at the end of Clause H and inserting as the end thereof "; or" and (b) adding to the end thereof the following new Clause I:

"I. If any 'Event of Default' under the Master Indenture occurs and is continuing."

Section 10. Amendment to Section 10.02 of the Original Indenture. Section 10.02 of the Original Indenture is hereby amended to read as follows:

"If any Event of Default under Section 10.01G occurs, then the principal of all Bonds Outstanding, together with interest accrued thereon to the date of acceleration, shall become immediately due and payable at the place of payment provided therein without notice, declaration, or demand, anything in this Indenture or in the Bonds to the contrary notwithstanding. If any other Event of Default occurs and is continuing, the Trustee may, with the consent of the Credit Facility Issuer, and shall, upon request of the holders of 25% in principal amount of all Bonds Outstanding and the Credit Facility Issuer, or upon the occurrence of an Event of Default described in Sections 10.01A, 10.01B, 10.01D, 10.01E and 10.01F shall, without the consent of or request by the Credit Facility Issuer or holders of Outstanding Bonds, by notice in writing to the Issuer and the Hospital, declare the principal of all Bonds then Outstanding to be immediately due and payable; and upon such declaration the said principal, together with interest accrued thereon to the date of acceleration, shall become due and payable immediately at the place of payment provided therein, anything in the Indenture or in the Bonds to the contrary notwithstanding. In the case of any Event of Default described in Section 10.01, if the Master Trustee shall have declared the principal amount of the Master Note, Series 1986, and all interest due thereon immediately due and payable in accordance with the Master Indenture and the Series 1986 Supplement (as defined in the Master Note, Series 1986), the Trustee shall declare the principal of all Bonds then Outstanding to be immediately due and payable. Upon the occurrence of any acceleration hereunder, the Trustee shall immediately exercise such rights as it may have under the Agreement to declare all payments thereunder to be due and payable immediately, and to the extent it has not already done so, shall immediately draw upon the Credit Facility, if any, to the extent permitted by the terms thereof.

Immediately after any acceleration because of the occurrence of an Event of Default, the Trustee, to the extent it has not already done so, shall notify in writing the Issuer, the Hospital, the Remarketing Agent, the Credit Facility Issuer and the Master Trustee of the occurrence of such acceleration, and the Trustee may, by written notice to the Master Trustee and the Issuer, or the holders of not less than 25% in principal amount of all Bonds Outstanding may, by written notice to the Master Trustee, the Trustee and the Issuer, request the Master Trustee to declare the Master Note, Series 1986, immediately due and payable. Within five days of the occurrence of any acceleration hereunder, the Trustee shall notify by first class mail, postage prepaid, the holders of all Bonds Outstanding of the occurrence of such acceleration.

If, after the principal of the Bonds has become due and payable by acceleration, all arrears of interest on the Bonds are paid by the Issuer, and the

Issuer also performs all other things with respect to which it may have been in default hereunder and pays the reasonable charges of the Trustee and the Bondholders, including reasonable attorney's fees, then, and in every such case, the holders of a majority in principal amount of the Bonds Outstanding, by written notice to the Issuer and to the Trustee, may annul such acceleration and its consequences, and such annulment shall be binding upon the Trustee and upon all holders of Bonds issued hereunder; provided, however, that the Trustee shall not annul any declaration resulting from (i) an Event of Default specified in Section 10.01E, (ii) an Event of Default specified in Section 10.01D without the prior written consent of the Credit Facility Issuer, (iii) an Event of Default specified in Section 10.01I unless the Master Trustee has annulled its declaration accelerating the Master Note, Series 1986, or (iv) any Event of Default which has resulted in a drawing under the Credit Facility unless the Trustee has received written confirmation from the Credit Facility Issuer that the Credit Facility has been reinstated to an amount equal to the amount thereof prior to such drawing. No such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon. The Trustee shall forward a copy of any notice from Bondholders received by it pursuant to this paragraph to the Hospital. Immediately upon such annulment, the Trustee shall cancel, by notice to the Hospital, any demand for payment under the Agreement or the Master Note, Series 1986, made by the Trustee pursuant to this Section 10.02."

Section 11. Amendment to Section 10.03 of the Original Indenture. Section 10.03 of the Original Indenture is hereby amended to read as follows:

"If any Event of Default occurs and is continuing, the Trustee, before or after the principal of the Bonds becomes immediately due and payable, may enforce each and every right granted to it under the Agreement and the Master Note, Series 1986, and any supplements or amendments thereto. In exercising such rights and the rights given the Trustee under this Article X, the Trustee shall take such action as, in the judgment of the Trustee applying the standards described in Section 11.01 hereof, would best serve the interests of the Bondholders."

Section 12. Amendment to Section 10.04A of the Original Indenture. Section 10.04A of the Original Indenture is hereby amended to read as follows:

A. By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to enforce any rights under the Agreement or the Master Note, Series 1986, and to require the Issuer to carry out any other provisions of this Indenture for the benefit of the Bondholders and to perform its duties under the Act."

Section 13. Amendment to Section 11.03 of the Original Indenture. Section 11.03 of the Original Indenture is hereby amended to read as follows:

"The Trustee shall, within 30 days after the occurrence thereof, give written notice by first class mail to registered holders of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purpose of this Section and Section 11.08 hereof being defined to include the events specified in Clauses A through I of Section 10.01 hereof, not including any notice or periods of grace provided for therein); provided that, except in the case of a default under Clauses A, B, D, E, or F, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default under Clauses C (other than payment defaults), F (in the event the Trustee is not acting as Tender Agent), G, H or I of Section 10.01 unless it has actual notice thereof or it has been notified in writing of such default by the holders of at least 25% in principal amount of all Bonds then Outstanding or the Master Trustee. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Hospital, an investigation into the affairs of the Issuer related to this Indenture."

Section 14. Amendment to Section 15.01(a) of the Original Indenture. Section 15.01(a) of the Original Indenture is hereby amended to read as follows:

(a) When the principal or redemption price (as the case may be) of, and interest at the Initial Rate and the Variable Rate or the Fixed Rate on, all Bonds issued hereunder have been paid, or provision has been made for payment of the same, together with the compensation and expenses of the Trustee and all other sums payable hereunder by the Issuer, and all obligations of the Hospital to the Credit Facility Issuer under the Reimbursement Agreement have been satisfied in full, the right, title and interest of the Trustee in any and all property conveyed, assigned or pledged to the Trustee and subject to the lien of this Indenture shall thereupon cease and the Trustee, on demand of the Issuer, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Hospital all balances then held by it hereunder; provided, that if any payments have been received by the Trustee from the Credit Facility in connection with such release, such balances shall be paid to the Credit Facility Issuer to the extent of any amounts then owing under the Reimbursement Agreement, as certified to the Trustee in writing by the Credit Facility Issuer. If payment or provision therefor is made with respect to less than all of the Bonds, the particular Bonds (or portion thereof) for which provision for payment shall have been considered made shall be

selected by lot by the Trustee, and thereupon the Trustee shall take similar action for the release of this Indenture with respect to such Bonds."

Section 15. Amendment to Form of Bond in Original Indenture. The Form of Bond contained in Exhibit A to the Original Indenture is hereby amended to add the following new paragraph 9A thereto:

"[9A] To secure its indebtedness under the Loan Agreement, the Hospital has executed and delivered to the Issuer its Master Note, Series 1986 (the "Master Note, Series 1986"). The Master Note, Series 1986, is issued under and secured by a Master Trust Indenture, dated as of August 1, 1992 (said Master Trust Indenture, together with all supplements and amendments thereto being herein called the "Master Indenture"), by and among the Hospital, Flagler Health Care System, Inc. (the "System"), Flagler Health Care Foundation, Inc. (the "Foundation"), and Sun Bank, National Association, as Master Trustee (the "Master Trustee"), including the covenants, conditions and agreements with respect to the operation of the Hospital, the System, the Foundation and any other future Members of the Obligated Group (as defined in the Master Indenture) continued or incorporated therein. The Master Indenture provides that the Hospital, the System, the Foundation and any other future Members of the Obligated Group (as therein defined) may issue Master Notes under the Master Indenture to secure additional indebtedness, including notes, guaranties and other indebtedness, under the terms and conditions and to the extent described in the Master Indenture. Each Master Note (as defined in the Master Indenture) issued under the Master Indenture is the joint and several obligation of the Members of the Obligated Group and is secured equally and ratably and on a parity with other Master Notes issued under the Master Indenture by the security pledged by the Members of the Obligated Group under the Master Indenture, which includes the Gross Revenues (as defined in the Master Indenture) of the Members of the Obligated Group. The Master Indenture requires that upon the occurrence and during the continuation of an Event of Default thereunder, all Gross Revenues, upon request of the Master Trustee, shall be paid to the Master Trustee and applied in the manner provided in the Master Indenture."

Section 16. Notice to Bondholders. The Trustee shall promptly give notice to Bondholders by first class mail, postage prepaid, that this Third Supplemental Indenture and the First Supplemental Agreement have been executed and delivered as described herein, that the amendments made herein and therein are effective as of the date of such execution and delivery.

Section 17. Counterparts. This Third Supplemental Indenture and the consents attached hereto may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, St. Johns County, Florida, has caused this Third Supplemental Trust Indenture to be executed by the Chairman or Vice Chairman of its Board of County Commissioners and its seal to be hereunto affixed, attested by the Clerk or Deputy Clerk of the Board of County Commissioners, and The Bank of New York has caused this Third Supplemental Trust Indenture to be executed by one of its authorized officers and its corporate seal to be hereunto affixed, attested by one of its authorized officers all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

ATTEST:

By _____
Chairman, Board of County
Commissioners

Clerk of the Circuit Court
for St. Johns County, ex
officio clerk of the Board
of County Commissioners

THE BANK OF NEW YORK,
as Trustee

(SEAL)

By _____
Title: _____

ATTEST:

Title: _____

FLAGLER HOSPITAL, INC., hereby consents to the foregoing Third Supplemental Trust Indenture dated as of August 1, 1992.

Dated: August __, 1992.

FLAGLER HOSPITAL, INC.

By _____
Title: President

_____, acting through its New York Branch, as Credit Facility Issuer, hereby consents to the foregoing Third Supplemental Trust Indenture dated as of August 1, 1992.

Dated: August __, 1992

By _____
Title:

THE BANK OF NEW YORK, as Trustee, hereby certifies to the Issuer that the Trustee, the Credit Facility Issuer, all Bondholders and the Hospital have consented to the foregoing Third Supplemental Trust Indenture.

Dated: August __, 1992.

THE BANK OF NEW YORK,
as Trustee

By _____
Title:

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992, by Fred Brinkhoff and Carl "Bud" Markel, the Chairman of the Board of County Commissioners and the Clerk of the Board of County Commissioners, respectively, of St. Johns County, Florida, a political subdivision of the State of Florida, on behalf of the County. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992,
by _____ and _____, a _____
and _____, respectively, of The Bank of New York, a state banking
corporation, on behalf of the corporation. Such persons did not take an oath and: *(notary must
check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992, by James D. Conzemius, the President of Flagler Hospital, Inc., a Florida not-for-profit corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992,
by _____, a _____ of _____, a
banking corporation, on behalf of the corporation. Such persons did not take an oath and:
(notary must check applicable box)

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

EXHIBIT B

F&L Draft
07/11/92

ST. JOHNS COUNTY, FLORIDA

and

FLAGLER HOSPITAL, INC.

FIRST SUPPLEMENTAL LOAN AGREEMENT

Dated as of August 1, 1992

Supplementing and Amending the
LOAN AGREEMENT

Dated as of August 1, 1986

Relating to
Hospital Revenue Bonds, 1986 Series A
(Flagler Hospital, Inc. Project)

THIS FIRST SUPPLEMENTAL LOAN AGREEMENT dated as of August 1, 1992 (the "First Supplemental Agreement"), between St. Johns County, Florida, a political subdivision of the State of Florida (the "Issuer"), and Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital"), amending and supplementing the Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (the "Original Agreement");

W I T N E S S E T H:

WHEREAS, at the request of the Hospital, the Issuer has heretofore issued \$23,300,000 in aggregate principal amount of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds"), pursuant to a Trust Indenture dated as of August 1, 1986, between the Issuer and Irving Trust Company, now known as The Bank of New York, as trustee (the "Trustee"); and said Trust Indenture was amended and supplemented pursuant to a First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, and a Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee (said Trust Indenture, as amended and supplemented by said First Supplemental Trust Indenture and said Second Supplemental Trust Indenture, is hereinafter referred to as the "Original Indenture"); and

WHEREAS, the Issuer issued the Bonds for the purpose of providing funds to the Issuer to make a loan to the Hospital pursuant to the terms of a Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (the "Original Agreement"), for the purpose of financing the cost of the acquisition, construction and equipping of a new 115-bed acute care general hospital facility now located at 400 Health Park Boulevard, south of the city limits of the City of St. Augustine, Florida, to owned and used by the Hospital; and

WHEREAS, the Hospital has requested that the St. Johns County Industrial Development Authority (the "Authority") issue its Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), in an aggregate principal amount not to exceed \$28,000,000 (the "Series 1992 Bonds"), for the purpose of providing funds to the Authority to make a loan to the Hospital for the purposes of (i) refunding a portion of the Bonds, (ii) paying or reimbursing the Hospital for a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities, (iii) funding a debt service reserve fund for the Series 1992 Bonds, and (iv) paying a portion of the costs of issuing the Series 1992 Bonds; and

WHEREAS, the Bonds are secured by, among other things, an irrevocable letter of credit (the "Yasuda Letter of Credit") issued by The Yasuda Trust and Banking Company, Limited, a Japanese banking corporation, acting through its New York Branch ("Yasuda"), and, [simultaneously with the issuance of the Series 1992 Bonds], the Hospital expects to replace the Yasuda Letter of Credit with a letter of credit (the "Kredietbank Letter of Credit") to be issued by Kredietbank N.V., a Belgian bank, acting through its New York Branch ("Kredietbank"), pursuant to Section 6.03 of the Original Indenture; and

WHEREAS, the Hospital desires to secure the Series 1992 Bonds, the Bonds and its obligations to Kredietbank with separate Master Notes (the "Master Notes") to be issued pursuant to a Master Trust Indenture and pursuant to separate supplements that will specify the terms of each specific Master Note (as supplemented, the "Master Indenture"); and pursuant to the Master Indenture, each Master Note will constitute the joint and several obligation of the members of the Obligated Group, as defined in the Master Indenture, and shall be equally and ratably secured by a pledge and security interest in the Pledged Assets, as defined in the Master Indenture, of each member of the Obligated Group, all in the manner described in the Master Indenture; and

WHEREAS, in connection with the issuance of the Series 1992 Bonds, the refunding of a portion of the Bonds and the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit, at the request of the Hospital, the Issuer, by resolution adopted on July 14, 1992, has determined to enter into a Third Supplemental Trust Indenture (the "Third Supplemental Indenture") and a Fourth Supplemental Trust Indenture (the "Fourth Supplemental Indenture") to amend and supplement the Original Indenture and this First Supplemental Agreement and a Second Supplemental Loan Agreement (the "Second Supplemental Agreement") to amend and supplement the Original Agreement for the purposes of authorizing the restructuring of the Bonds described therein, including the securing of the Bonds with a Master Note issued under the Master Indenture, releasing the Mortgage, the Bond Guaranty and the Debt Service Reserve Fund relating to the Series 1986 Bonds in connection therewith and making certain other amendments to the Original Indenture and the Original Agreement. to facilitate the refunding of a portion of the Bonds and improve the marketability of the Bonds; and

WHEREAS, under Section 14.02 of the Original Indenture, the Original Indenture may be amended as described above by supplemental indentures, and under Section 7.04 of the Original Agreement and Section 14.03 of the Original Indenture, the Original Agreement may be amended as described above by supplemental loan agreements, with the unanimous consent of the Trustee, the Issuer, the Credit Facility Issuer, as defined in the Original Indenture, all holders of the Bonds (the "Bondholders") and the Hospital; and the Trustee, the Credit Facility Issuer, all Bondholders and the Hospital have consented to the Third Supplemental Indenture, the Fourth Supplemental Indenture, this First Supplemental Agreement and the Second Supplemental Agreement and the Trustee has delivered to the Chairman of the Board of County Commissioners of the Issuer a certificate that such consents have been obtained;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Issuer and the Hospital hereby agree for the equal and proportionate benefit of the holders from time to time of the Bonds, as follows:

Section 1. Definitions and Terms. Unless the context shall otherwise require, and except as provided in this First Supplemental Agreement, the capitalized words and terms used in this First Supplemental Agreement shall have the meanings specified in the Original

Agreement. Except as otherwise indicated or provided, words importing persons include firms, associations and corporations, and words importing the single number include the plural number and vice versa.

Section 2. Confirmation of Original Agreement. The Original Agreement and this First Supplemental Agreement shall be read, taken and construed as one and the same instrument. Except as amended and supplemented hereby, the provisions of the Original Agreement shall remain in full force and effect.

Section 3. Amendment to Definitions in the Original Agreement. The definitions of the terms "Bond Guaranty," "Guarantor" and "Mortgage" contained in Section 1.01 of the Original Agreement are hereby stricken therefrom and all references to such terms contained in the Original Agreement are hereby stricken.

Section 4. Amendment to Section 1.02 of the Original Agreement. Section 1.02 of the Original Agreement is hereby amended by adding alphabetically the definitions of the following additional terms:

"Master Indenture" means the Master Trust Indenture dated as of August 1, 1992, among the Hospital, Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. (collectively, the "Obligated Group") and Sun Bank, National Association, as Master Trustee (the "Master Trustee"), as supplemented and amended from time to time.

"Master Note, Series 1986" means the Master Note, Series 1986, issued and delivered by the Hospital under the Master Indenture and the Supplemental Indenture for Master Note, Series 1986, dated as of August 1, 1986, between the Obligated Group and the Master Trustee (the "Supplement for Master Note, Series 1986"), and delivered to the Issuer as collateral security for the repayment of the loan and the performance of the Hospital's obligations under this Agreement and which was assigned by the Issuer to the Trustee for security for the Bonds.

Section 5. Amendment to Section 2.01 of the Original Agreement. Section 2.01 of the Original Agreement is hereby amended by adding to the end thereof the following additional paragraph:

"The Hospital hereby delivers as collateral security for the loan the Master Note, Series 1986, which has been assigned to the Trustee by the Issuer. The Hospital shall repay the loan in accordance with the provisions of this Agreement and the Master Note, Series 1986. The Master Note, Series 1986, is issued under and secured by the Master Indenture and the Supplement for Master Note, Series 1986."

Section 6. Amendment to Section 4.03 of the Original Agreement. Section 4.03 of the Original Agreement is hereby amended to read as follows:

"If available moneys under the Indenture shall be insufficient for such purpose, the Hospital shall pay the reasonable fees and expenses of the Issuer, the Trustee, the Authentication Agent, the Bond Registrar, the Paying Agent, the Remarketing Agent, the Tender Agent and the Master Trustee. Such additional sum or sums, if any, shall be payable at such time or times in each year in which the same shall be required as may be agreed upon by the Hospital and the Person to whom such sums are payable."

Section 7. Amendment to Section 5.11 of the Original Agreement. The first sentence of Section 5.11 of the Original Agreement is hereby amended to read as follows:

"The Issuer, immediately following execution and delivery hereof, shall assign this Agreement and the Master Note, Series 1986, and all sums payable hereunder (except the Issuer's rights to payment under Sections 4.03 and 5.12 hereof) to the Trustee, IN TRUST, to be held and applied pursuant to provisions of the Indenture."

Section 8. Amendment to Section 5.12 of the Original Agreement. The first sentence of Section 5.12 of the Original Agreement is hereby amended to read as follows:

"The Hospital will indemnify the Issuer, the Trustee, the Tender Agent, the Paying Agent, the Remarketing Agent and the Master Trustee against claims arising out of the Construction Contract, the construction of the Project Facilities, the Hospital's acquisition of title to the Project Facilities or related property interests, the Issuer's participation in the financing thereof or the replacement or substitution of a Credit Facility."

Section 9. Amendment to Article V of the Original Agreement. Article V of the Original Agreement is hereby amended by adding to the end thereof the following additional Section 5.20 and Section 5.21:

"Section 5.20. Compliance with Covenants, Conditions and Agreements in Master Indenture. The Hospital covenants that so long as the Bonds are outstanding it shall comply with each and every covenant, condition and agreement in the Master Indenture that is applicable to it.

"Section 5.21. Special Covenants. The Hospital covenants that at all such times as the Bonds are not secured by a Credit Facility the Hospital shall comply with, and with respect to the other Members of the Obligated Group (as defined in the Master Indenture) so long as they continue as Members of the Obligated Group covenants to cause each member of the Obligated Group to comply with,

each and every covenant, condition and agreement set forth in Sections 6.07 through 6.17 of that certain Loan Agreement dated as of August 1, 1992, between the Hospital and the St. Johns County Industrial Development Authority, relating to the St. Johns County Industrial Development Authority Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), as if such covenants, conditions and agreements were set forth in full herein."

Section 10. Amendment to Section 6.01 of the Original Agreement. Section 6.01 of the Original Agreement is hereby amended to read as follows:

"In case one or more of the following events of default shall have occurred and be continuing:

(a) default in the payment of any installment of principal or redemption price of the Bonds under Section 4.01(a) of this Agreement or under the Master Note, Series 1986, as and when the same shall become due and payable; or

(b) default in the payment of interest on the Bonds under Section 4.01(b) of this Agreement or under the Master Note, Series 1986, as and when the same is due and payable; or

(c) default in the payment of any amount required by Section 4.01(c) or (d) of this Agreement or by the Master Note, Series 1986, within thirty days after the same is due and payable; or

(d) failure on the part of the Hospital duly to make any other payments or perform any other of the covenants on the part of the Hospital contained in this Agreement or in the Master Note, Series 1986, for a period of 90 days after the date on which written notice of such failure, requiring the Hospital to remedy the same, shall have been given to the Hospital and the Credit Facility Issuer by the Trustee; or

(e) if the Hospital shall

(i) admit in writing its inability to pay its debts generally as they become due, or

(ii) file a petition in bankruptcy to be adjudicated a voluntary bankrupt or file a similar petition under any insolvency act, or

(iii) make an assignment of substantially all of its assets for the benefit of its creditors, or

(iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property; or

(f) if the Hospital shall file a petition or answer seeking reorganization or arrangement of the Hospital under the Federal Bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(g) if the Hospital shall, on a petition in bankruptcy filed against it, be adjudicated a bankrupt or if a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Hospital, a receiver or trustee of the Hospital or of the whole or substantially all of its property, or approving a petition filed against it seeking reorganization or arrangement of the Hospital under the Federal bankruptcy laws or any other applicable law or statute of the United States or America or any state thereof, and such adjudication, order or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(h) acceleration of maturity of the Bonds under Section 10.02 of the Indenture, which acceleration shall not have been rescinded under Section 10.05 of the Indenture; or

(i) if any "Event of Default" occurs and is continuing under the Indenture, except for an Event of Default as described in Section 10.01(H) of the Indenture; or

(j) the Master Trustee shall have declared the aggregate principal amount of the Master Note, Series 1986, and all interest due thereon immediately due and payable in accordance with Section 4.2 of the Master Indenture;

then, (i) in each case of an event of default as described in paragraphs (a), (b), (c), (d), (h), (i) and (j) above and during the continuance thereof, the Trustee, by notice in writing to the Hospital, may declare the unpaid balance of all payments due or to become due hereunder to be due and payable immediately if concurrently with or prior to such notice the unpaid principal amount of the Bonds has been declared due and payable, and upon any such declaration the same shall become and shall be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived, and (ii) in each case of an event of default as described in paragraphs (d), (f) or (g) above and during the continuance thereof, the Trustee shall declare the unpaid balance of all payments due or to become due hereunder to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable, without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in this Agreement to the contrary notwithstanding."

Section 12. Counterparts. This First Supplemental Agreement and the consents attached hereto may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, St. Johns County, Florida, has caused this First Supplemental Loan Agreement to be executed by the Chairman or Vice Chairman of its Board of County Commissioners and its seal to be hereunto affixed, attested by the Clerk or Deputy Clerk of the Board of County Commissioners, and Flagler Hospital, Inc. has caused this First Supplemental Loan Agreement to be executed by its President and its corporate seal to be hereunto affixed, attested by its Secretary, all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

ATTEST:

By _____
Chairman, Board of County
Commissioners

Clerk of the Circuit Court
for St. Johns County, ex
officio clerk of the Board
of County Commissioners

FLAGLER HOSPITAL, INC.

(SEAL)

ATTEST:

By _____
President

Secretary

_____, acting through its New York Bank, as Credit Facility Issuer, hereby consents to the foregoing First Supplemental Loan Agreement dated as of August 1, 1992.

Dated: August __, 1992

By _____
Title: _____

THE BANK OF NEW YORK, as Trustee, hereby consents to the foregoing First Supplemental Loan Agreement dated as of August 1, 1992, and hereby certifies to the Issuer that the Trustee, the Credit Facility Issuer, all Bondholders and the Hospital have consented to the foregoing First Supplemental Loan Agreement.

Dated: August __, 1992

THE BANK OF NEW YORK, as Trustee

By _____
Title: _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992, by Fred Brinkhoff and Carl "Bud" Markel, the Chairman of the Board of County Commissioners and the Clerk of the Board of County Commissioners, respectively, of St. Johns County, Florida, a political subdivision of the State of Florida, on behalf of the County. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992, by James D. Conzemius, the President of Flagler Hospital, Inc., a Florida not-for-profit corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992,
by _____, a _____ of _____,
a _____ banking corporation, on behalf of the corporation. Such person did not take
an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of August, 1992,
by _____, a _____ of The Bank of New
York, a state banking corporation, on behalf of the corporation. Such person did not take an
oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

~~EXHIBIT~~ C

SUPPLEMENTAL INDENTURE FOR MASTER NOTE SERIES 1986

by and between

FLAGLER HOSPITAL, INC.,
FLAGLER HEALTH CARE FOUNDATION, INC.,
FLAGLER HEALTH CARE SYSTEM, INC.

and

as Master Trustee

SUPPLEMENTING THE
MASTER TRUST INDENTURE

Dated as of _____, 1986

THIS SUPPLEMENTAL INDENTURE FOR MASTER NOTE, SERIES 1986, made and entered on the ____ day of _____, 1992 ("Series 1986 Supplement"), by and among FLAGLER HOSPITAL, INC. (the "Hospital"), FLAGLER HEALTH CARE FOUNDATION, INC. and FLAGLER HEALTH CARE SYSTEMS, INC. (the "System"), each a Florida not-for-profit corporation (each a "Member of the Obligated Group" and, collectively, the "Obligated Group"), and _____, a ____ organized and existing under the laws of _____, as Trustee (the "Master Trustee") under the Master Trust Indenture dated as of August ____, 1986 (as supplemented to the date hereof (the "Master Indenture")).

W I T N E S S E T H:

WHEREAS, the parties hereto are parties to the Master Indenture that provides for the issuance by a member of the Obligated Group of Master Notes to secure Indebtedness upon the Obligated Group and the Master Trustee entering into supplements to the Master Indenture; and

WHEREAS, the Hospital desires to issue Master Note, Series 1986 hereunder to secure its obligations to repay a loan to the Hospital by the St. Johns County (the "County") of \$23,300,000 (the "Loan") pursuant to a loan agreement dated as of August 1, 1986 between the Hospital and the County (the "Loan Agreement"); and

WHEREAS, The County obtained the funds to make the Loan by issuing its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), in the aggregate amount of \$23,300,000 (the "Bonds"), which were initially secured by an assignment of certain of the County's rights under the Loan Agreement, to The Bank of New York (successor by merger to Irving Trust Company), as trustee (the "Trustee"), pursuant to a Trust Indenture between the County and the Trustee, dated as of August 1 1986 (the "Indenture"); and

WHEREAS, the Master Note, Series 1986 is to be exchanged for a release by the Trustee of a mortgage and security interest on substantially all of the tangible property of the Hospital, a pledge of its gross revenues and a guaranty from the System, that previously secured the Bonds; and

WHEREAS, following the exchange, the Trustee will have an interest in the Pledged Assets and the guaranties of the Obligated Group made under the Master Indenture on and equal and ratable basis with the holders of all other Master Notes; and

WHEREAS, all acts and things necessary to constitute this Series 1986 Supplement a valid indenture and agreement according to its terms have been done and performed, and the Members of the Obligated Group have duly authorized the execution and delivery hereof and of the Master Note, Series 1986;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Master Note, Series 1986 by the holder thereof, the Obligated Group covenants and agrees with the Master Trustee, for the benefit of the Trustee and any successor holder or holders from time to time of the Master Note, Series 1986, as follows:

Section 1. Definitions. For the purposes hereof, unless the context otherwise indicates, the following words and phrases shall have the following meanings:

1. All terms used herein that are defined in the Master Indenture shall have the meanings assigned to them therein.
2. "Bonds": as above defined.
3. "Loan": as above defined.
4. "Loan Agreement": as above defined.
5. "Hospital" means Flagler Hospital, Inc., a Florida not-for-profit corporation, with its principal place of business in St. Johns County, Florida, and its legal successors.
6. "Master Note, Series 1986" means the Master Note issued pursuant hereto.
7. "Series 1986 Supplement" means this Supplemental Indenture for Master Note, Series 1986.
8. "Trustee": as above defined.

Section 2. Issuance of Master Note, Series 1986. There is hereby created and authorized to be issued Master Note, Series 1986 in the principal amount of \$15,000,000, or so much thereof as shall have been disbursed from time to time under the Loan Agreement and remain unpaid, designated Flagler Hospital, Inc. Master Note, Series 1986. Master Note, Series 1986 shall be dated the date hereof, and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as provided for the repayment of the Loan under the Loan Agreement and as are set forth in the form of Master Note, Series 1986 attached hereto as Appendix A.

The maximum aggregate principal amount of Master Notes, Series 1986 is limited to the amount stated in this Section except for any Master Note, Series 1986 authenticated and delivered in lieu of another Master Note, Series 1986 as provided in Section 6 hereof with respect to any Master Note, Series 1986 destroyed, lost or stolen, or, subject to the provisions of Section 5 of this Series 1986 Supplement, upon transfer of registration of Master Note, Series 1986.

Section 3. Payments on Master Note, Series 1986. Principal of and interest on Master Note, Series 1986 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in Section 4 hereof regarding prepayment, payments on the principal of and interest on Master Note, Series 1986 shall be made to the Holder at the times and in the amounts specified in Master Note, Series 1986 in immediately available funds by such method of payment

as shall be agreed to by the Holder, at its principal office on the day such payments shall become due or payable (or the next preceding business day if such date is a Saturday, Sunday or holiday in the city in which the principal office of the Holder is located), and the Hospital shall give notice to the Master Trustee of each payment of principal or interest on Master Note, Series 1986, specifying the amount paid and identifying such payment as a payment on Master Note, Series 1986.

Section 4. Prepayment of Master Note, Series 1986. The Hospital may prepay all or part of the amounts to become due under Master Note, Series 1986 upon the terms and conditions specified in the Loan Agreement.

Section 5. Registration, Numbers, Negotiability and Transfer of Master Note, Series 1986. (a) Master Note, Series 1986 shall be registered on the register to be maintained by the Hospital for that purpose at the Corporate Trust Office of the Master Trustee. Except as provided in subsection (b) of this Section, so long as any portion of the Loan remains outstanding, Master Note, Series 1986 shall consist of the single Master Note issued to the County to be assigned by the County without recourse or warranty to the Trustee and registered as to principal and interest in the name of the Trustee. The County shall assign the Master Note, Series 1986 to the Trustee to secure the Bonds, as provided in the Loan Agreement.

(b) Upon the principal of all Master Notes Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Master Note, Series 1986 may be transferred and such transfer registered, if and to the extent the Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

(c) Master Note, Series 1986 shall be transferable only upon presentation of Master Note, Series 1986 at the Corporate Trust Office of the Master Trustee by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the owner thereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Hospital shall execute and the Master Trustee shall authenticate and deliver in exchange for Master Note, Series 1986 a new registered Master Note, Series 1986 registered in the name of the transferee.

(d) Prior to due presentment by the Holder for registration of transfer, the Hospital and the Master Trustee may deem and treat the person in whose name Master Note, Series 1986 is registered as the absolute owner for all purposes; and neither the Hospital nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the Holder of amounts due hereunder or amounts due under the Loan Agreement shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on Master Note, Series 1986.

Section 6. Mutilation, Destruction, Loss and Theft of Master Note, Series 1986. If (a) Master Note, Series 1986 is surrendered to the Master Trustee in a mutilated condition, or the Hospital and the Master Trustee receive evidence to their satisfaction of the destruction,

loss or theft of Master Note, Series 1986, and (b) there is delivered to the Hospital and the Master Trustee such security or indemnity as may reasonably be required by them to hold them harmless, then, in the absence of proof satisfactory to the Hospital and the Master Trustee that Master Note, Series 1986 has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Hospital and the Master Trustee, the Hospital shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated Master Note, Series 1986, or in lieu of such destroyed, lost or stolen Master Note, Series 1986, a new Master Note, Series 1986 of like principal amount, date and tenor. Every mutilated Master Note, Series 1986 so surrendered to the Master Trustee shall be cancelled by it and delivered to, or upon the order of, the Hospital. If any such mutilated, destroyed, lost or stolen Master Note, Series 1986 has become or is about to become due and payable, Master Note, Series 1986 may be paid when due instead of delivering a new Master Note, Series 1986.

Section 7. Execution and Authentication of Master Note, Series 1986. Master Note, Series 1986 shall be manually executed for and on behalf of the Hospital by its Chairman, its President, or any Vice President and attested by its Secretary or any Assistant Secretary. If any officer whose signature appears on Master Note, Series 1986 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Master Note, Series 1986 shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication Master Note, Series 1986 shall not be entitled to the benefits hereof.

Section 8. Discharge of Supplement. Upon payment by or on behalf of the Hospital of the principal of and interest on Master Note, Series 1986 or of all principal and interest due in respect of the Loan, Master Note, Series 1986 shall be deemed to have been paid and to be no longer outstanding under the Master Indenture and this Series 1986 Supplement shall be discharged.

Section 9. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 10. Covenants to Loan Agreement. Each Member of the Obligated Group, by its execution hereof, agrees to perform each and every covenant in the Loan Agreement that is applicable to it, as such covenant shall be in effect from time to time thereunder.

Section 11. Severability. If any provision of this Series 1986 Supplement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Series 1986 Supplement shall not affect the remaining portions of this Series 1986 Supplement or any part thereto.

Section 12. Counterparts. This Series 1986 Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 13. Governing Law. This Series 1986 Supplement shall be governed by and construed in accordance with laws of the State of Florida.

IN WITNESS WHEREOF, the Hospital, Flagler Health Care Foundation, Inc., and the System. have caused these presents to be signed in their respective names and on their respective behalves and attested by their duly authorized officers and to evidence its acceptance of the trust hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officers, all as of the day and year first above written.

FLAGLER HOSPITAL, INC.

[SEAL]

ATTEST:

By: _____
President

Assistant Secretary

FLAGLER HEALTH CARE SYSTEM, INC.

[SEAL]

ATTEST:

By: _____
President

Assistant Secretary

FLAGLER HEALTH CARE FOUNDATION, INC.

[SEAL]

ATTEST:

By: _____

President

Assistant Secretary

[MASTER TRUSTEE]

[SEAL]

ATTEST:

By: _____

STATE OF FLORIDA)
COUNTY OF ST. JOHNS) SS

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

My Commission Expires:

-7-

STATE OF FLORIDA)
COUNTY OF ST. JOHNS) SS

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

(NOTARIAL SEAL)

STATE OF FLORIDA)
COUNTY OF ST. JOHNS) SS

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

(NOTARIAL SEAL)

ACKNOWLEDGEMENT OF MASTER TRUSTEE.

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this
_____, by
_____, of
_____, a _____
corporation, on behalf of the corporation. He/she is personally known to me or has produced
_____ as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ____ day of
_____, 1992

My Commission Expires:

(NOTARIAL SEAL)

FLAGLER HOSPITAL, INC.
MASTER NOTE, SERIES 1986

KNOW ALL MEN BY THESE PRESENTS that FLAGLER HOSPITAL, INC. (the "Hospital"), a not for profit corporation organized and existing under the laws of the State of Florida, for value received, hereby acknowledges itself obligated to, and promises to pay to _____ or registered assigns (the "Holder"), the principal sum of \$15,000,000, or if less, the unpaid principal amount of the Bonds (as defined below) on the dates and in the amounts specified in the Loan Agreement, dated as of August 1, 1986, between the Hospital and the St. Johns County (the "County;" as may be amended from time to time the "Loan Agreement"), unless previously paid in full, and to pay interest on such unpaid principal amount on the dates and at the rates specified in the Loan Agreement (the obligation to pay such principal and interest is hereinafter referred to as the "Loan Obligation"). The Loan Agreement was entered into by the Hospital and the County in connection with the issuance by the County for the benefit of the Hospital of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds") and has been assigned to the Holder to secure the Bonds.

This Master Note, Series 1986 is a single Master Note of the Hospital, designated as Flagler Hospital, Inc. Master Note, Series 1986 ("Master Note, Series 1986" and together with all other Master Notes issued under the Master Trust Indenture hereinafter identified, the "Master Notes") and is issued under and pursuant to Supplemental Indenture for Master Note, Series 1986, dated as of August 1, 1992 (the "Series 1986 Supplement"), supplementing and amending the Master Trust Indenture, dated as of August 1, 1992, by and between the Hospital, Flagler Health Care Foundation, Inc. and Flagler Health Care System, Inc. (collectively the "Obligated Group") and _____, as trustee (the "Master Trustee"). The Master Trust Indenture, as so supplemented and amended, is hereinafter called the "Master Indenture". This Master Note, Series 1986, together with all other Master Notes Outstanding (as defined in the Master Indenture) under the Master Indenture, is a joint and several obligation of the members of the Obligated Group and is equally and ratably secured by the provisions of the Master Indenture, including the security interest in Pledged Assets (as defined in the Master Indenture) and is subject to the provisions thereof.

All payments due the Holder hereunder shall be made to the Holder at the place, in the type of money and funds, and in the manner specified in the Loan Agreement.

Presentment, demand, protest and notice of dishonor are hereby waived by the Hospital for itself and for the other members of the Obligated Group.

This Master Note, Series 1986 is issued for the purpose of securing the Loan Obligations and the other Secured Obligations (as defined in the Master Indenture) arising under or with respect to the Loan Agreement.

The Hospital and the Obligated Group shall receive credit for payment on Master Note, Series 1986, in addition to any credits resulting from payment from other sources, for payments made directly to the Trustee by the Hospital or any member of the Obligated Group pursuant to the Loan Agreement in satisfaction of any Loan Obligation.

Copies of the Master Indenture are on file at the Corporate Trust Office (as defined in the Master Indenture) of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the owners of Master Notes issued under the Master Indenture, the terms and the conditions on which, and the purpose for which, Master Notes are to be issued and the rights, duties and obligations of the Hospital and the other members of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the registered owner hereof, by acceptance of this Master Note, Series 1986, assents.

The Master Indenture permits the issuance of additional Master Notes under the Master Indenture to be secured by the Pledged Assets (as defined therein) and the guaranties contained therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction with respect to any Master Note issued under the Master Indenture over any other such Master Note, except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Hospital, of the members of the Obligated Group and of the owners of Master Notes may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Reference is made to the Master Indenture for the terms relating to amendments thereto.

Prepayment and acceleration of the maturity of this Master Note, Series 1986 are governed by the provisions of the Loan Agreement and the Master Indenture.

Upon the occurrence of certain Events of Default (as defined in the Master Indenture), the principal of this Master Note, Series 1986 and/or of all Master Notes then Outstanding may be declared, and the same shall become, due and payable as provided in the Master Indenture.

The registered owner of this Master Note, Series 1986 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture. Notwithstanding the foregoing, the Loan Obligations and the other Secured Obligations secured by this Master Note, Series 1986 shall be entitled to the benefits of whatever rights and remedies are provided to the County and the Trustee with respect to the Hospital and the Obligated Group under the Loan Agreement and the other Related

Documents (as defined in the Master Indenture), and nothing herein shall be construed to limit such rights and remedies.

Master Note, Series 1986 is issuable only as a fully registered Master Note. This Master Note, Series 1986 shall be registered on the registration books to be maintained by the Master Trustee for that purpose at the Corporate Trust Office of the Master Trustee and the transfer of this Master Note, Series 1986 shall be registrable only upon presentation of this Master Note, Series 1986 at said office by the registered owner or by his duly authorized attorney and subject to the limitations, if any, set forth in the Master Indenture. Such registration of transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner requesting such registration of transfer as a condition precedent to the exercise of such privilege. Upon any such registration of transfer, the Hospital shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master Note, Series 1986 a new Master Note, Series 1986 registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Hospital and the Master Trustee may deem and treat the person in whose name this Master Note, Series 1986 is registered as the absolute owner hereof for all purposes; and neither the Hospital nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Note, Series 1986.

No covenant or agreement contained in this Master Note, Series 1986 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Hospital, of any member of the Obligated Group or of the Master Trustee, in his individual capacity, and no incorporator, member, officer or member of the Board of Trustees of the Hospital or of any member of the Obligated Group shall be liable personally on this Master Note, Series 1986 or be subject to any personal liability or accountability by reason of the issuance of this Master Note, Series 1986.

This Master Note, Series 1986 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purposes, until this Master Note, Series 1986 shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Hospital has caused this Master Note, Series 1986 to be executed in its name and on its behalf by its President and attested by its Assistant Secretary, all as of the _____ day of August, 1992.

FLAGLER HOSPITAL, INC.

[SEAL]

By: _____

ATTEST:

Assistant Secretary

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Master Note, Series 1986 is one of the Master Notes described in the within-mentioned Master Indenture.

By: _____
as Master Trustee

By: _____
Authorized Signature

ACKNOWLEDGMENT OF EXECUTION ON BEHALF OF

FLAGLER HOSPITAL, INC.

STATE OF FLORIDA)
) ss.:
COUNTY OF ST. JOHNS)

The foregoing instrument was acknowledged before me this
_____ b y
_____ of
_____, a _____
corporation, on behalf of the corporation. He/she is personally known to me or has produced
_____ as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ____ day of
_____, 1992

My Commission Expires:

(NOTARIAL SEAL)

INSTRUMENT OF TRANSFER

St. Johns County, Florida, hereby assigns and transfers without recourse, representation or warranty all of its right, title and interest in and to the attached Master Note, Series 1986 to _____ as Trustee for the benefit of the holders of the St. Johns County Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), in the aggregate principal amount of \$_____.

This the ____ day of _____, 19__.

ST. JOHNS COUNTY

By: _____

Title: _____

ATTEST:

Draft
K&C
6/17/92

EXHIBIT D

MASTER TRUST INDENTURE

among

FLAGLER HEALTH CARE SYSTEM, INC.,

FLAGLER HEALTH CARE FOUNDATION, INC.,

and

FLAGLER HOSPITAL, INC.,

as members of the Obligated Group,

and

as Master Trustee,

Dated as of June 1, 1992

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THIS MASTER TRUST INDENTURE, (this "Master Indenture") is made and entered into as of the first day of June, 1992, by and among Flagler Health Care System, Inc., a Florida not for profit corporation (the "System"), Flagler Health Care Foundation, Inc., a Florida not for profit corporation (the "Foundation"), and Flagler Hospital, Inc., a Florida not for profit corporation (the "Hospital;" the System, the Foundation and the Hospital, plus any additional Persons made parties hereto pursuant to Section 3.3, minus any parties discharged herefrom pursuant to Section 3.4, the "Obligated Group"), and _____, a _____, being duly qualified to accept and administer the trusts created hereby (the "Master Trustee"),

WITNESSETH:

WHEREAS, each of the Hospital, the System and the Foundation is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time by the Hospital, the System, the Foundation or other Members of the Obligated Group of Master Notes (as defined herein) to facilitate the financing or refinancing of the acquisition or improvement of health care facilities or other facilities, or for other lawful and proper purposes; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, and each of the System, the Foundation and the Hospital has duly authorized the execution and delivery of this Master Indenture, and each of the System, the Foundation and the Hospital, in the exercise of the legal right and power vested in it, executes this Master Indenture and proposes to make, execute, issue and deliver Master Notes hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Master Notes issued hereunder by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which Master Notes are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become holders thereof, the System, the Foundation and the Hospital covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective holders from time to time of Master Notes issued hereunder, as follows:

ARTICLE 1.

DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

SECTION 1.1 Definitions. For the purposes hereof unless the context otherwise indicates, the following words and phrases shall have the following meanings:

"Account" has the meaning ascribed to it under the Florida Uniform Commercial Code.

"Affiliate" means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which is directly or indirectly controlled by the Hospital, by any other Affiliate or by any Person which controls the Hospital or which controls any other Affiliate; provided, however, the term "Affiliate" shall not include the Hospital. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities, or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body or by contract or otherwise.

"Capital Lease Obligation" means indebtedness represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Code" means the Internal Revenue Code of 1986.

"Commitment Fee" means any periodic fee required to be paid under a Reimbursement Agreement based on the amount of any Credit Facility.

"Corporate Trust Office" means the principal corporate trust office of the Master Trustee which at the date hereof is located at _____.

"Credit Facility" means a letter of credit, bond insurance policy, guaranty, surety bond, standby bond purchase agreement or other credit enhancement or liquidity facility, issued by a bank, savings association, insurance company or other financial institution under which funds may be drawn by a trustee, a paying agent or a tender agent or other designated Person for the payment of principal and interest on Indebtedness or for the payment of the purchase price of any such Indebtedness upon tender in accordance with the terms of the Related Documents respecting such Indebtedness.

"Defeased Obligations" means Master Notes issued under a Supplement that have been discharged pursuant to their terms.

"Event of Default" means any one or more of those events set forth in Section 4.1 hereof.

"Foundation" has the meaning ascribed to it in the preamble of this Master Indenture.

"GAAP" means generally accepted accounting principles from time to time in effect in the United States and used in the preparation of the audited financial statements of the Hospital and the other Members of the Obligated Group on a consistent basis, except for such changes therein as are approved by the independent accountants performing such audit.

"Governing Body" means, when used with respect to the Hospital or any other Member of the Obligated Group, its board of directors, board of trustees, or other board or group of individuals in which the powers of the Hospital or the Member of the Obligated Group are vested.

"Gross Revenues" means all revenues, receipts and Accounts (other than proceeds of borrowing) of each Member of the Obligated Group, including, without limiting the generality of the foregoing: (a) revenues derived from its operations, (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose or in a manner that is inconsistent with their use for the payment of Master Notes or their being pledged as security hereunder, (c) claims against third party payors, and (d) all proceeds of the foregoing.

"Guaranty" means any obligation of any Member of the Obligated Group guaranteeing in any manner, directly or indirectly, any obligation of any other Person (other than any guaranty by any Member of the Obligated Group of Indebtedness of any other Member of the Obligated Group), which obligation of such other Person would, if such obligation were the obligation of a Member of the Obligated Group, constitute Indebtedness hereunder.

"Holder" means the owner of any Master Note issued in registered form.

"Hospital" has the meaning ascribed to it in the Preamble of this Master Indenture.

"Indebtedness" means (i) all indebtedness of each Member of the Obligated Group for borrowed money, (ii) all installment sales and Capital Lease Obligations, incurred or assumed by any Member of the Obligated Group, (iii) all obligations of each Member of the Obligated Group to reimburse any other Person in respect of amounts paid under a Credit Facility, (iv) all obligations of each Member of the Obligated Group with respect to Interest Rate Contracts as determined in accordance with GAAP, and (v) all Guaranties. For the purpose of determining voting rights and prorating distributions of principal hereunder, no item of Indebtedness (the "Securing Indebtedness") securing any other item of Indebtedness (the "Secured Indebtedness") or providing funds for the purchase of the Secured Indebtedness in accordance with the terms of the Related Documents in respect thereof shall be counted as Indebtedness hereunder except as provided in the Supplement creating the Secured Indebtedness or except to the extent that the Securing Indebtedness shall have been drawn upon to pay or purchase the Secured Indebtedness.

"Interest Rate Contract" means one or more interest rate cap agreements, interest rate collar agreements, interest rate swap agreements or other agreements or arrangements designed to protect against fluctuations in interest rates on Indebtedness.

"Lien" means any lien (statutory or otherwise), security interest (including without limitation any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing

statement under the Uniform Commercial Code of the State of Florida or comparable law of any jurisdiction), hypothecation, assignment, deposit arrangement, encumbrance, preference, priority or other security or preferential arrangement of any kind or nature.

"Master Note" means a note issued in accordance with the terms of Article 2 to secure Indebtedness of the Hospital or any other Member of the Obligated Group.

"Master Trustee" means _____.

"Member of the Obligated Group" means the Hospital, the Foundation, the System and any Affiliate that has complied with the requirements of Section 3.3, excluding, however, any Person that has been released pursuant to Section 3.4.

"Obligated Group" has the meaning ascribed to it in the preamble of this Master Indenture.

"Officer's Certificate" means a certificate signed by the chairman of the Governing Body, or the president or chief executive officer or the chief financial officer of the Member of the Obligated Group, or the chairman of the finance committee of the Governing Body of the Member of the Obligated Group providing such certificate.

Each Officer's Certificate presented under this Master Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of) this Master Indenture and shall incorporate by reference and use in all appropriate instances all terms defined in Section 1.1 in this Master Indenture. Each Officer's Certificate shall state (i) whether the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such noncompliance, and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

"Opinion of Bond Counsel" means an opinion in writing from an attorney or firm of attorneys acceptable to the Master Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Master Trustee, who may be counsel for any Member of the Obligated Group or other counsel acceptable to the Master Trustee.

"Other Obligations" means all obligations of the Obligated Group Members (i) to make payments under any Related Documents (other than for principal and interest and Payment Obligations) and (ii) to pay other amounts and to perform and observe any covenants, agreements, obligations and conditions contained or incorporated by reference in any Supplement or Related Document.

"Outstanding" when used with reference to Indebtedness means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged. "Outstanding" shall not include: (i) Master Notes theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness paid or deemed paid and no longer Outstanding and (iii) Master Notes in lieu of which other Master Notes have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Master Notes unless proof satisfactory to the Master Trustee has been received that any such Master Note is held by a bona fide purchaser.

"Payment Obligations" means any and all obligations of the Obligated Group Members: (i) arising from time to time under a Reimbursement Agreement to repay all or any portion of moneys advanced pursuant to the terms of a Credit Facility, and to pay interest on all or any portion of such advances, or to pay periodic fees required to be paid under such Reimbursement Agreement that are based on the amount available under such Credit Facility; and (ii) arising from time to time under a Supplement or a Related Document (in connection with which any Master Note is issued to a lender in connection with a financing under which the lender has purchased such Master Note or the Related Indebtedness secured by such Master Note with amounts derived from the issuance by the lender of its own debt obligation which is secured by a credit enhancement facility) to pay any amounts of the nature described in (i), above, corresponding to amounts the lender is obligated to pay to any Person who has provided a credit enhancement facility securing such debt obligations issued by such lender under the lender's financing program; the term "Payment Obligations" shall not include the obligations to pay all or any portion of any other charges, expenses, premiums or indemnification to any lender or to any Person who has provided a Credit Facility and shall not include payments relating to a reserve fund credit enhancement facility.

"Permitted Liens" shall mean:

(i) The Lien on the Pledged Assets in favor of the Master Trustee to secure the Master Notes as provided herein;

(ii) Liens arising by reason of good faith deposits with any Member of the Obligated Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Obligated Group to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(iii) Any non-consensual lien against any Member of the Obligated Group so long as such Lien is being contested in good faith and execution thereon is stayed;

(iv) Any Lien that is existing on the date of authentication and delivery of the initial Master Note issued under this Master Indenture, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date or to secure

Indebtedness not Outstanding as of the date hereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(v) Any Lien upon the Pledged Assets of any Member of the Obligated Group in existence at the time of acquisition thereof by such Member of the Obligated Group or at the time such Person became a Member of the Obligated Group;

(vi) Any Lien on pledges, gifts or grants to be received in the future including any income derived from the investment thereof;

(vii) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(viii) Any Lien securing all Master Notes on a parity basis;

(ix) Any Lien subordinate to the Lien described in clause (viii) of this subsection required by a statute under which any Related Indebtedness is issued;

(x) Liens on moneys deposited by patients or others with any Member of the Obligated Group as security for or as prepayment for the cost of patient care;

(xi) Liens on Property received by any Member of the Obligated Group through gifts, grants or bequests due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xii) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Obligated Group; and

(xiii) Rights of the United States of America under Title 42 United States Code Section 291.

"Person" includes an individual, association, unincorporated organization, corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

"Pledged Assets" has the meaning ascribed to it in Section 3.1 (b) hereof.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"Reimbursement Agreement" means any agreement pursuant to which an Obligated Group Member agrees to reimburse the issuer of a Credit Facility for drawings thereunder .

"Related Documents" means any loan agreement, Reimbursement Agreement, Interest Rate Contract, indenture, bond resolution or other comparable instrument governing or creating Related Indebtedness.

"Related Indebtedness" means any Indebtedness that is secured by a Master Note.

"Related Tax-Exempt Indebtedness" means Related Indebtedness that bears interest that is not includable in the gross income of the recipient thereof under the Code.

"Secured Obligations" means all of the obligations of the Obligated Group in respect of principal and interest on the Master Notes, all Payment Obligations and all Other Obligations.

"Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

"System" has the meaning ascribed to it in the preamble to this Master Indenture.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxation under Section 501(a) of the Code within the meaning of Section 509(a) and which is not a "private foundation."

SECTION 1.2 Interpretation.

(a) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with GAAP.

(d) Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(e) Unless otherwise specified: (i) words that include a number of constituent parts, things or elements, including the terms Indebtedness, Master Notes and Secured Obligations, shall be construed as referring separately to each constituent part, thing or element thereof, as well as to all of such constituent parts, things or elements as a whole; (ii) references to any person, include such Person's successors and assigns and in the case of any individual, the word "successors" includes such Person's heirs, devisees, legatees, executors, administrators and personal representatives, except that, in the case of the Hospital any reference to the Hospital shall include only the Hospital's successors; (iii) references to any statute or other law include all applicable rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating or replacing the statute or law referred to; (iv) the words "consent", "approve" and "agree", and derivations thereof or words of similar import, mean the prior written consent, approval or agreement of the Person in question; (v) the words "include" and "including", and words of similar import, shall be deemed to be followed by the words "without limitation"; (vi) the words "hereto", "herein", "hereof" and "hereunder", and words of similar import, refer to this Master Indenture in its entirety; (vii) references to Articles, Sections, Exhibits, subsections, paragraphs and clauses are to the Articles, Sections, Exhibits, subsections, paragraphs and clauses of this Master Indenture; (viii) the Exhibits to this Master Indenture are incorporated herein by reference; (ix) references to any document or agreement or instrument (including this Master Indenture) shall mean such document, agreement or instrument as amended or supplemented and in effect from time to time in accordance herewith; and (x) all rights and powers granted to the Master Trustee hereunder shall be deemed to be coupled with an interest and irrevocable.

ARTICLE 2.

INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF MASTER NOTES

SECTION 2.1 Amount of Indebtedness. Each Member of the Obligated Group may secure Indebtedness by causing the issuance of one or more Master Notes. The principal amount of Indebtedness that may be so secured and the number and principal amount of Master Notes securing such Indebtedness hereunder are not limited, except as limited by the provisions of any Supplement. Any Member of the Obligated Group proposing to cause the issuance of a Master Note shall, at least seven (7) days prior to the date of issuance of such Master Note, give written notice of its intention to issue such Master Note, including in such notice the amount of the Master Note to be issued and the Indebtedness to be secured thereby, to the other Members of the Obligated Group. The right to advance notice may be waived in writing.

SECTION 2.2 Designation of Master Note. Master Notes shall be issued in such forms as may from time to time be created by Supplements permitted hereunder. Each Master Note or series of Master Notes shall be created by a different Supplement and shall be designated in such a manner as will differentiate such Master Note from any other Master Note.

SECTION 2.3 Execution and Authentication of Master Notes. Each Master Note shall be executed for and on behalf of the issuer thereof, by the chairman of its Governing Body, its president or a vice president and attested by its secretary or an assistant secretary. The signatures of either or both of such officers may be mechanically or photographically reproduced on the Master Note. If any officer whose signature appears on any Master Note ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Master Note shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Master Note shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Master Note, Series __, No. ____ is one of the Master Notes of such series described in the within-mentioned Master Indenture.

Master Trustee

By _____
Authorized Signatory

SECTION 2.4 Supplement Creating Indebtedness. Any Member of the Obligated Group and the Master Trustee may from time to time enter into a Supplement in order to create Master Notes hereunder. Such Supplement shall, with respect to each Master Note, set forth the date thereof, and the terms upon which amounts payable in respect of the Indebtedness secured by such Master Note shall be payable (which terms may be incorporated by reference from any other document creating or evidencing such Indebtedness; provided that such other document shall be filed with the Master Trustee), and the form of such Master Note and such other terms and provisions as shall not be inconsistent with the provisions hereof.

SECTION 2.5 Conditions to Issuance of Master Notes Hereunder. With respect to Indebtedness secured hereunder, simultaneously with or prior to the execution, authentication and delivery of Master Notes securing such Indebtedness pursuant to this Master Indenture:

(a) All requirements and conditions to the issuance of such Master Notes, if any, set forth in the Supplement and/or in this Master Indenture shall have been complied with and satisfied, as provided in an Officer's Certificate delivered to the Master Trustee, and the issuance of such Master Notes and the creation of the Indebtedness secured thereby will not result in any default hereunder or under the terms of any Indebtedness secured hereby;

(b) The issuer of such Master Notes shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Master Notes under the Securities Act of 1933 as amended, and qualification of this Master Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said Acts have been complied with, and (2) the Master Notes are valid, binding and enforceable obligations of the members of the Obligated Group in accordance with their terms, except as limited by

bankruptcy, insolvency and other laws (including laws relating to fraudulent transfers, obligations or conveyances) affecting creditor's rights generally and principles of equity (whether considered in a proceeding at law or in equity); and

(c) Each Member of the Obligated Group shall have delivered to the Master Trustee an Officer's Certificate stating that, to the best of the knowledge of such Member of the Obligated Group, each of the Persons who is to be a Holder of such Master Note upon the original issuance thereof is not acquiring the interest represented by such Master Note directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant or (ii) any Member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

SECTION 2.6 Joint and Several Obligations; Individual Obligation; Waiver.

(a) Each member of the Obligated Group agrees that it will be responsible for making arrangements for the full and timely payment of Master Notes that it has executed, and in the event that for any reason any payment with respect to any Master Note should not be made when due, the responsible Member shall immediately notify the Master Trustee and all other Members of the Obligated Group in writing of such failure.

(b) Notwithstanding the foregoing clause (a), each Member of the Obligated Group hereby unconditionally and irrevocably agrees that it shall be jointly and severally obligated, and hereby agrees, timely to pay all amounts and timely to cause the performance and observance of, and compliance with, the covenants, agreements, obligations, terms and conditions, specified in this Master Indenture, including all Supplements and the Master Notes.

(c) The issuance of Master Notes pursuant to this Master Indenture by any Member of the Obligated Group is a common enterprise of the Obligated Group and it is the intention of the Obligated Group that each and every Master Note shall constitute the direct obligation of each and every Member of the Obligated Group and not a contingent or indirect obligation. Should, notwithstanding the intention of the Obligated Group and the express language contained herein, the obligation of any Member of the Obligated Group be construed otherwise, each Member of the Obligated Group hereby unconditionally waives (except to the extent expressly provided herein) diligence, presentment, protest, notice of dishonor, demand for payment, extension of time of payment, notice of acceptance of its duties hereunder, nonpayment at maturity and indulgences and notices of every kind, and consents to any and all forbearances and extensions of the time of payment of the Master Notes, and to any and all changes in the terms, covenants and conditions thereof hereafter made or granted pursuant to the terms of this Master Indenture and to any and all substitutions, exchanges or releases of all or any part of the Pledged Assets and any non-perfection of any lien securing the Master Notes. The Members of the Obligated Group further agree that they shall have no right of subrogation whatsoever with respect to the Master Notes, or to any moneys due and unpaid thereon or any Pledged Assets,

unless and until all Holders of the Master Notes shall have received payment in full of all sums due in respect of the Indebtedness secured by the Master Notes.

(d) Each Member of the Obligated Group agrees that their obligation to fully pay the Master Notes shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of any Member of the Obligated Group or its estate in bankruptcy resulting from the operation of any present or future provision of the federal bankruptcy laws or other similar laws, or from the decision of any court.

(e) (i) It is intended that the obligation of each Member of the Obligated Group hereunder and under the Master Notes shall be in, but not in excess of, the maximum amount (the "Maximum Guaranty Liability") permitted by applicable laws governing bankruptcy, suspension of payments, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency or other similar laws applicable to such Member of the Obligated Group ("Applicable Law"). To that end, but only to the extent such obligations would otherwise be subject to avoidance under Applicable Law if any Member of the Obligated Group is not deemed to have received valuable consideration, fair value or reasonably equivalent value for its obligations hereunder, under any Master Note or under any Related Document, each such Member of the Obligated Group respective obligations hereunder, under the Master Notes and under the Related Documents shall be reduced to that amount which, after giving effect thereto, would not render such Member of the Obligated Group insolvent, or leave such Member of the Obligated Group with an unreasonably small capital to conduct its business, or cause such Member of the Obligated Group to have incurred debts (or intended to have incurred debts) beyond its ability to pay such debts as they mature, at the time such obligations are deemed to have been incurred under Applicable Law. As used herein, the terms "insolvent" and "unreasonably small capital" shall likewise be determined in accordance with Applicable Law. This Section 2.6(e) is intended solely to preserve the rights of the Master Trustee and the holders of the Master Notes hereunder and under the Related Documents to the maximum extent permitted by Applicable Law, and neither the Members of the Obligated Group nor any other Person shall have any right or claim under this Section 2.6(e) that would not otherwise be available under Applicable Law.

(ii) Each Member of the Obligated Group agrees that the Secured Obligations may at any time and from time to time exceed the Maximum Guaranty Liability of such Member of the Obligated Group, and may exceed the aggregate Maximum Guaranty Liability of all Members of the Obligated Group hereunder, without impairing the guaranty hereunder or affecting the rights and remedies of the Master Trustee or such holder hereunder or under any Related Document.

(iii) In the event any Member of the Obligated Group (a "Funding Member") shall make any payment or payments under the guaranty provisions hereof or shall suffer any loss as a result of any realization upon any of its Pledged Assets under any Related Document, each other Member of the Obligated Group (each, a "Contributing Member") shall contribute to such Funding Member an amount equal to such Contributing Member's "Pro Rata Share" of

such payment or payments made, or losses suffered, by such Funding Member. For the purposes hereof, each Contributing Member's Pro Rata Share with respect to any such payment or loss by a Funding Member shall be determined as of the date on which such payment or loss was made by reference to the ratio of (i) such Contributing Member's Maximum Guaranty Liability as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder) to (ii) the aggregate Maximum Guaranty Liability of all Members of the Obligated Group (including such Funding Member) as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder). Nothing in this Section 2.6(e) shall affect each Member of the Obligated Group's several liability for the entire amount of the Secured Obligations (up to such Member's Maximum Guaranty Liability). Each Member of the Obligated Group covenants and agrees that its right to receive any contribution hereunder from a Contributing Member shall be subordinate and junior in right of payment to all the Secured Obligations.

SECTION 2.7 Transfer and Exchange of Master Notes. So long as any Master Note remains Outstanding, the Master Trustee will cause a register for the registration and transfer of Master Notes to be maintained and kept at the Corporate Trust Office.

Master Notes may be exchanged, at the option of their Holder, for Master Notes of the same series in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Master Notes being exchanged. The exchange shall be made upon presentation and surrender of the Master Notes being exchanged at the Corporate Trust Office together with (i) a note form satisfactory to the Master Trustee duly executed by the Holder or its duly authorized attorney, and (ii) instructions relating to the exchange.

Any Master Note of a series may be transferred upon the register upon presentation and surrender thereof at the Corporate Trust Office, together with (i) the assignment on a form satisfactory to the Master Trustee duly executed by the Holder or its duly authorized attorney, and (ii) instructions relating to such transfer and the name, address and Social Security Number or other federal tax identification number of the transferee.

In all cases in which Master Notes shall be exchanged or transferred hereunder, the issuer thereof shall execute, and the Master Trustee shall authenticate and deliver, a new Master Note or Master Notes of the same series, of any denomination in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Master Notes presented and surrendered for transfer or exchange. Any exchange or transfer shall be made without charge; provided, that the issuer and the Master Trustee may make a charge for every exchange or transfer of Master Notes sufficient to reimburse them for any tax or excise required to be paid with respect to the exchange or transfer. The charge shall be paid before a new Master Note is delivered.

All Master Notes issued upon any transfer or exchange of Master Notes shall be the valid obligations of the issuer thereof, evidencing the same debt, and entitled to the same benefits under this Master Indenture, as the Master Notes surrendered upon transfer or exchange.

In case any Master Note is redeemed in part only, on or after the redemption date and upon presentation and surrender of the Master Note, the issuer thereof, subject to the provisions of Section 2.10 hereof, shall cause execution of, and the Master Trustee shall authenticate and deliver, a new Master Note or Master Notes of the same series in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date or dates as, the Master Note redeemed in part.

SECTION 2.8 Mutilated, Lost, Wrongfully Taken or Destroyed Master Notes. If any Master Note is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the issuer thereof and the Master Trustee that a lost, wrongfully taken or destroyed Master Note has been acquired by a bona fide purchaser, the issuer thereof shall execute, and the Master Trustee shall authenticate and deliver, a new Master Note of like date, maturity and denomination and of the same Series as the Master Note mutilated, lost, wrongfully taken or destroyed; provided, that (i) in the case of any mutilated Master Note, the mutilated Master Note first shall be surrendered to the Master Trustee, and (ii) in the case of any lost, wrongfully taken or destroyed Master Note, there first shall be furnished to the issuer thereof and the Master Trustee evidence of the loss, wrongful taking or destruction satisfactory to such issuer and the Master Trustee, together with indemnity satisfactory to them.

If any lost, wrongfully taken or destroyed Master Note shall have matured, instead of issuing a new Master Note, the issuer thereof may direct the Master Trustee to pay that Master Note without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Master Note. The issuer thereof and the Master Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Master Note their reasonable fees and expenses in connection with their actions pursuant to this Section.

Every new Master Note issued pursuant to this Section by reason of any Master Note being mutilated, lost, wrongfully taken or destroyed (i) shall constitute a Master Note, to the extent of the outstanding principal amount of, and having the same terms as, the Master Note lost, mutilated, taken or destroyed, regardless of whether the mutilated, lost, wrongfully taken or destroyed Master Note shall be enforceable at any time by anyone and (ii) shall be entitled to all of the benefits of this Indenture to the same extent as the Master Note that was mutilated, lost, wrongfully taken or destroyed.

All Master Notes shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Master Notes and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

SECTION 2.9 Cancellation of Master Notes. Any Master Note surrendered pursuant to this Article for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Master Trustee. Any Master Note cancelled by the Master Trustee shall be destroyed.

An issuer, or any Obligated Group Member on behalf of an issuer, may deliver at any time to the Master Trustee for cancellation any Master Notes previously authenticated and delivered hereunder, which such issuer or the Obligated Group member may have acquired in any manner whatsoever. All Master Notes so delivered shall be cancelled promptly by the Master Trustee. Certification of the surrender and cancellation shall be made to such issuer by the Master Trustee at least twice each calendar year. Unless otherwise directed by an issuer, cancelled Master Notes shall be retained and stored by the Master Trustee for a period of one year after their cancellation. Those cancelled Master Notes shall be destroyed by the Master Trustee by shredding or incineration one year after their cancellation or at any earlier time directed by such issuer. The Master Trustee shall provide certificates describing the destruction of cancelled Master Notes to the issuer.

SECTION 2.10 Persons Deemed Holders; Credit for Payments under Related Documents. Prior to due presentment by the Holder for registration of transfer, the issuer thereof and the Master Trustee may deem and treat the person in whose name a Master Note is registered as the absolute owner for all purposes; and neither such issuer nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the Holder of amounts due hereunder or amounts due under any Related Document applicable thereto shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on any Master Note.

ARTICLE 3.

PARTICULAR COVENANTS OF THE OBLIGATED GROUP

SECTION 3.1 Security; Restrictions on Encumbering Pledged Assets; Payment of Principal and Interest.

(a) Any Master Note issued pursuant to this Master Indenture shall be a general obligation of the issuer of such Master Note and shall be entitled to the benefits and security of this Master Indenture.

(b) To secure the prompt payment and performance of the Secured Obligations, each Member of the Obligated Group hereby pledges, assigns and grants to the Master Trustee a security interest in all of its right title and interest in and to the following, whether now owned or hereafter acquired (collectively, the "Pledged Assets"):

(i) the Gross Revenues;

(ii) all other funds held hereunder, together with any amounts and investments, if any, on deposit in such funds from time to time and all investment income thereon;

(iii) any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind assigned, pledged or transferred and delivered to the Trustee by any Member of the Obligated Group or by anyone on behalf of any Member of the Obligated Group with its written consent, as and for additional security for the Secured Obligations, the Trustee being hereby authorized to receive any and all such property at any and all times and to hold and apply the same in accordance with the terms hereof; and

(iv) all proceeds of the foregoing.

in each case, except as provided in Section 4.4 and otherwise herein, without preference, priority or distinction, as to lien or otherwise, of any Secured Obligation over any other Secured Obligation, by reason of designation, number, date of the Master Notes issued under any Supplement relating thereto or the date of authorization, issuance, sale, execution, authentication, delivery or maturity of such Master Note, or otherwise, or the date any Supplement is executed, so that, except as otherwise provided herein, all Secured Obligations shall have the same right, lien and privilege under this Master Indenture and shall be secured equally and ratably hereby; it being intended that the lien and security of this Master Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of any Master Note or the incurrence of any Related Indebtedness, as though upon that date all of the Master Notes were actually issued, sold and delivered to purchasers for value.

(c) (i) At least one business day prior to the delivery of the first Master Note hereunder, there shall be delivered to the Master Trustee duly executed financing statements and

such other documents as shall be required in the Opinion of Counsel, to perfect the security interest of the Master Trustee in such of the Gross Revenues in which a security interest may be perfected by the filing of a financing statement in the State of Florida.

(ii) Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such additional documents and instruments (including amendments or supplements to this Master Indenture) as in the Opinion of Counsel, shall be necessary or appropriate to create or perfect the security interest intended to be created hereunder in the Pledged Assets or to maintain such security interest or the perfection and priority thereof. In addition to, and not in limitation of, the foregoing, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements, that shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to changes in the Obligated Group, including, without limitation, (i) the addition of a new Member of the Obligated Group pursuant to Section 3.3 of this Master Indenture; or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to Section 3.4 of this Master Indenture. In particular, each Member of the Obligated Group covenants that it will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statements as shall, in the Opinion of Counsel, be necessary to comply with applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to the expiration date of any such financing statement, the Master Trustee shall cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interest in Pledged Assets shall remain perfected.

(iii) [Procedure for additions to Pledged Assets with consent of Bond Counsel,F&L]

(d) Each Member of the Obligated Group, by becoming a Member, acknowledges that each other Member of the Obligated Group has the power to issue Master Notes hereunder, subject to the requirements hereof and of any Supplement, on which all Members of the Obligated Group will be jointly and severally obligated.

(e) Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in or permit to exist any Lien on any of its Pledged Assets, except for Permitted Liens.

(f) Each Member of the Obligated Group covenants to promptly pay or cause to be paid the Secured Obligations at the place, on the dates and in the manner provided herein, in the Supplement and in the Master Note issued to secure the same according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise and to perform and observe, or cause to be performed and observed, each and every covenant agreement and obligation of any Member of the Obligated Group contained or incorporated in any Master Note or Supplement.

(g) Each Member of the Obligated Group covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Master Trustee, deliver or direct to be delivered to the Master Trustee all Gross Revenues until such Event of Default has been cured, such Gross Revenues to be applied in accordance with Section 4.4 of this Master Indenture.

SECTION 3.2 Certificate of No Default, Other Information. (a) Each and every Member of the Obligated Group covenants that it will, if an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such financial statements and information concerning its operations and financial affairs (or of any consolidated or combined group of companies, including the Hospital and any consolidated or combined Affiliates, including any other Member of the Obligated Group) as the Master Trustee may from time to time reasonably request, excluding specifically donor records, patient records and personnel records and (ii) provide access to its facilities for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(b) Within 60 days after the beginning of each 12 month financial reporting period, file with the Master Trustee an Opinion of Counsel which shall state whether there are required to be filed in any office within the 12-month period following the date of such Opinion of Counsel financing statements, including continuation statements, in order to continue the perfection of the security interests granted hereunder.

(c) Each Member of the Obligated Group covenants that it will promptly notify the Master Trustee of the occurrence of any Event of Default.

SECTION 3.3 Parties Becoming Members of the Obligated Group. Affiliates that are not Members of the Obligated Group, and corporations that are successor corporations to the Hospital or any Member of the Obligated Group through a merger, consolidation or acquisition of assets may become Members of the Obligated Group, if:

(a) The Affiliate or successor corporation that is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee containing the agreement of such Affiliate or successor corporation (i) to become a Member of the Obligated Group under this Master Indenture and thereby become subject to compliance with all provisions of this Master Indenture pertaining to a Member of the Obligated Group, including the pledge and security interest provided for in Section 3.2 of this Master Indenture and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (ii) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member of the Obligated Group that all Secured Obligations and all Master Notes issued and then Outstanding hereunder promptly will be paid and performed in accordance with the terms thereof and of this Master Indenture. In addition, each such Affiliate or successor corporation that is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee such documents and instruments as shall, in the Opinion of Counsel described in Section 3.3(b), be necessary to perfect in the Master Trustee

the security interest in the Pledged Assets of such Affiliate or successor corporation becoming a member of the Obligated Group.

(b) Each document or instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that (i) such document or instrument has been duly authorized, executed and delivered by such Affiliate or successor corporation and constitutes a valid and binding obligation enforceable in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws (including laws relating to fraudulent transfers, obligations or conveyances) affecting creditor's rights generally and principles of equity (whether considered in a proceeding at law or in equity) and (ii) the security interest intended to be created hereunder in the Pledged Assets of such Affiliate or successor corporation has been duly perfected or will be duly perfected upon the filing of the necessary instruments in the appropriate filing offices.

(c) The Hospital shall deliver to the Master Trustee an Officer's Certificate stating that after giving effect to the addition of the Affiliate or successor corporation to the Obligated Group, no Event of Default and no event or condition that, with the giving of notice or the passage of time, will constitute an Event of Default shall exist.

(d) If all amounts due or to become due on any Related Tax-Exempt Indebtedness have not been paid to the holders thereof, there shall be filed with the Master Trustee, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not adversely affect the exclusion from gross income of the interest on any such Related Tax-Exempt Indebtedness under the Code.

SECTION 3.4 Withdrawal From the Obligated Group.

(a) No Member of the Obligated Group may withdraw from the Obligated Group unless, prior to the taking of such action, there is delivered to the Master Trustee:

(i) An Officer's Certificate demonstrating that (A) no Master Notes issued by such Member are Outstanding, or (B) an amount of cash sufficient to cause any Master Notes issued by such Member and otherwise Outstanding to become Defeased Obligations has been paid by such Member to the Master Trustee or the trustee for the Related Indebtedness of such Member secured hereby and (C) all other Members of the Obligated Group consent to such withdrawal and (D) if all amounts due on any Related Tax-Exempt Indebtedness have not been paid to the Holder thereof, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law such Member's withdrawal from the Obligated Group, whether or not contemplated on any date of delivery of any Related Tax-Exempt Indebtedness, would not cause the interest payable on such Related Tax-Exempt Indebtedness to become includable in the gross income of the recipient thereof under the Code; and

(ii) An Officer's Certificate stating that no Event of Default and no event or condition that, with the giving of notice or the passage of time, will constitute an Event of Default has occurred and is continuing or would result from the withdrawal of such Member from the Obligated Group.

(b) Upon the withdrawal of any Member of the Obligated Group from the Obligated Group pursuant to subsection (a) of this section, any obligation of such Member pursuant hereto, and any Lien on its Pledged Assets arising hereunder, shall be released and discharged in full, by the Master Trustee, at the request and expense of such Member of the Obligated Group.

ARTICLE 4.

DEFAULT AND REMEDIES

SECTION 4.1 Events of Default. Event of Default, as used herein, shall mean any of the following events:

(a) Any Member of the Obligated Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Indenture for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members of the Obligated Group by the Master Trustee, or to the Members of the Obligated Group and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Master Notes then Outstanding; provided, however, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is cured;

(b) An "event of default" as defined in any Related Document shall occur and be continuing;

(c) The entry of a decree or order by a court having jurisdiction in the premises adjudging any Member of the Obligated Group a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member of the Obligated Group or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; and

(d) The institution by any Member of the Obligated Group of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member of the Obligated Group or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

SECTION 4.2 Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of (i) the Holders of not less than 25% in aggregate principal amount of Master Notes Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement to require acceleration of the

Master Notes issued pursuant to such Supplement, shall, by notice to the Members of the Obligated Group declare all Master Notes Outstanding immediately due and payable, whereupon such Master Notes shall become and be immediately due and payable, anything in the Master Notes or in any other section of this Master Indenture to the contrary notwithstanding; provided, however, that if the terms of any Supplement give a Person the right to consent to acceleration of the Master Notes issued pursuant to said Supplement, the Master Notes issued pursuant to such Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Supplement. In the event Master Notes are accelerated, there shall be due and payable on such Master Notes an amount equal to the total principal amount of all such Master Notes, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, that accrues to the date of payment, plus all other Secured Obligations.

(b) At any time after the principal of the Master Notes shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Master Notes Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Master Notes then due only because of such declaration) shall have been remedied, then the Master Trustee may annul such declaration and its consequences with respect to any Master Notes or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 4.3 Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of (i) the Holders of not less than 25% in aggregate principal amount of Master Notes Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement, together with indemnification of the Master Trustee to its satisfaction therefor, shall, immediately direct the Members of the Obligated Group to pay over all Gross Revenues to the Master Trustee, whereupon each member of the Obligated Group shall, to the extent permitted by applicable law, pay such amounts to the Master Trustee, and proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including, but not limited to:

(i) Enforcement of the right of the Holders to collect and enforce the payment of the Master Notes and the Secured Obligations;

(ii) Bringing suit upon all or any part of the Master Notes and the Secured Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of the Secured Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders or the Master Trustee; and

(v) Enforcement of any other right of the Holders or the Master Trustee conferred by law or hereby.

(b) Regardless of the happening of an Event of Default, the Master Trustee may, or, if requested in writing by (i) the Holders of not less than 25% in aggregate principal amount of Master Notes Outstanding or (ii) any Person properly exercising the right given to such Person under any Supplement, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions hereof and, in the sole reasonable judgment of the Master Trustee, are not unduly prejudicial to the interest of the Holders not making such request.

SECTION 4.4 Application of Gross Revenues and Other Moneys After Default.
During the continuance of an Event of Default all Gross Revenues and other moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article, after payment of (i) the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances incurred or made by the Master Trustee with respect thereto and all other fees and expenses of the Master Trustee under this Master Indenture and (ii) at the discretion of the Master Trustee, the expenses of operating the Hospital or any other Member of the Obligated Group, shall be applied as follows:

(a) Unless the principal of all Outstanding Master Notes shall have become or have been declared due and payable:

First: To the payment to the Persons entitled thereto of all installments of interest then due on Master Notes and all Payment Obligations corresponding to interest or Commitment Fee then due in the order of the maturity thereof, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Master Notes and all Payment Obligations corresponding to principal which

shall have become due, whether at maturity or by call for redemption or acceleration, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Master Notes and the principal portion of all Payment Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the Persons entitled thereto, without any discrimination or preference; and

Third: To the payment of the Other Obligations and all other Secured Obligations that are due and payable, ratably in accordance with the amounts due to the Persons entitled thereto, without discrimination or preference.

(b) If the principal of all Outstanding Master Notes shall have become or have been declared due and payable:

First: To the payment of the principal and interest then unpaid upon Master Notes and to the payment of that portion of all Payment Obligations corresponding to principal, interest and Commitment Fee, without preference or priority of principal over interest or Commitment Fee, or of any installment of interest or Commitment Fee over any other installment of interest or Commitment Fee, or of any Master Note or Payment Obligation over any other Master Note or Payment Obligation, ratably, according to the amounts due in respect thereof, to the Persons entitled thereto without any discrimination or preference; and

Second: To the payment of the Other Obligations and all other Secured Obligations that are due and payable, ratably in accordance with the amounts due to the Persons entitled thereto, without discrimination or preference.

(c) If the principal of all Outstanding Master Notes shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Master Notes shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall reasonably determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Master Note until such Master Note shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(e) Whenever all Secured Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Persons shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, as their interests shall appear, or to their respective successors, or as a court of competent jurisdiction may direct.

SECTION 4.5 Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

SECTION 4.6 Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Master Notes may be enforced by the Master Trustee without the possession of any of the Master Notes or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.4 hereof, any recovery or judgment shall be for the equal benefit of the Holders.

SECTION 4.7 Holders' Control of Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of not less than a majority in aggregate principal amount of Master Notes then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in undue risk of personal liability, and, in the sole reasonable judgment of the Master Trustee, is not unduly prejudicial to the interest of any Holders not joining in such direction and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Holders.

SECTION 4.8 Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

SECTION 4.9 Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Master Notes then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.2 hereof, a default in the payment of Commitment Fee or the principal of, premium, if any, or interest on any Master Note, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Master Notes (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

SECTION 4.10 Appointment of Receiver. Upon the occurrence of any Event of Default unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Master Notes to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the [Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Pledged Assets with such powers as the court making such appointment shall confer]. Each Member of the Obligated Group, respectively, hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Master Trustee for appointment of a receiver of the Pledged Assets, to the appointment of such receiver of the Pledged Assets and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with the Pledged Assets, with like effect as the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 4.11 Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

SECTION 4.12 Notice of Default. The Master Trustee shall, within 10 days after it has knowledge of the occurrence of an Event of Default, mail to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Master Notes or Commitment Fee and the Events of Default specified in subsections (c) and (d) of Section 4.1, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

ARTICLE 5.

THE MASTER TRUSTEE

SECTION 5.1 Duties and Obligations of the Master Trustee. The duties and obligations of the Master Trustee, prior to the occurrence of an Event of Default (hereinafter defined) and subsequent to the curing of such Event of Default or default, shall be determined solely by the express provisions of this Master Indenture, and the Master Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof, and no implied duties or obligations shall be incurred by the Master Trustee other than those specified herein, and the Master Trustee shall be protected when acting in good faith upon the advice of counsel, who may be counsel to the Master Trustee or any member of the Obligated Group. In case an Event of Default has occurred that has not been cured, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and use the same degree of care and skill in the exercise thereof as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Master Trustee shall not be deemed to have knowledge of any Event of Default or a default not actually known to such Master Trustee.

The Master Trustee shall not be personally liable in any case of entry by it upon the Property of the Hospital or any Member of the Obligated Group for debts contracted or for damages incurred in the management or operation thereof; the Master Trustee shall not, in any event, be required to take, defend, or appear in any legal action or proceeding hereunder or to exercise any of the trusts or powers hereof unless it shall first be adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred thereby. Every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

The Master Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements herein contained or incorporated by reference, or in any contracts or securities assigned or conveyed to the Master Trustee and hereunder covenanted to be performed or observed by any Member of the Obligated Group or any party to such contracts or securities; nor shall the Master Trustee have any obligation, duty, or liability under any of such covenants or agreements. The Master Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default unless the Master Trustee shall receive written notice thereof or have actual knowledge thereof and, in the absence of such notice or actual knowledge, the Master Trustee may conclusively assume that there is no such default or Event of Default. Every provision contained in this Master Indenture or any such contract or security agreement, wherein it is provided that the duty of the Master Trustee to take action or omit to take action or to permit any party to any such agreement to do any act or thing, depends on the occurrence and continuance of such default hereunder or thereunder, shall be subject to the provisions of this Section.

The Master Trustee shall be under no duty to confirm or verify any financial or other statements or reports or any certificates furnished pursuant to any provision hereof, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Holder of any Master Note.

No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own misconduct.

SECTION 5.2 Evidence on Which Master Trustee May Act. Subject to the provisions of Section 5.1, the Master Trustee may conclusively rely, as to the correctness of the statements, conclusions and opinions expressed therein, upon any certificate, report, opinion or other document furnished to such Master Trustee pursuant to any provisions of this Master Indenture. Except as otherwise expressly provided in this Master Indenture, any request, consent, certificate, demand, notice, order, appointment or other direction made or given by any Member of the Obligated Group to the Master Trustee shall be deemed to have been sufficiently made or given by the proper party or parties if done by an Officers' Certificate.

SECTION 5.3 When Master Trustee Not Required to Act. None of the provisions contained in this Master Indenture shall require the Master Trustee to spend or risk its own funds or otherwise incur individual financial responsibility in the performance of any of its duties or in the exercise of any of its rights or powers, unless the Master Trustee is indemnified by the Members of the Obligated Group or the Holders of Master Notes.

SECTION 5.4 No Liability of Master Trustee for Correctness of Recitals. The Master Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals, statements and representations herein or in the Master Notes (except for Authentication). The Master Trustee makes no representation as to the value or condition of the Property of any Member of the Obligated Group or any part thereof, or as to the lien created by this Master Indenture or as to the validity of the Master Notes pursuant to this Master Indenture. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Master Notes. The Master Trustee shall incur no liability or responsibility in respect of any such matters.

SECTION 5.5 Evidence on Which Master Trustee May Rely; Rights of the Master Trustee to Deal in Master Notes.

(a) Subject to the provisions of Section 5.1, in case at any time it shall be necessary or desirable for the Master Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything, and in any case in which this Master Indenture provides for permitting or taking any action, the Master Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of the Master Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take or in respect of anything it may or may not do, by reason of the supposed existence of such fact.

(b) The Master Trustee and its directors, officers, employees or agents, may in good faith buy, sell, own and hold any of the Master Notes issued pursuant to this Master Indenture, and may join in any action which any Holder may be entitled to take with like effect as if the Master Trustee were not a trustee under this Master Indenture. The Master Trustee may in good faith hold any other form of indebtedness of any Member of the Obligated Group, own, accept or negotiate any drafts, bills of exchange, acceptance obligations thereof, make disbursements therefor and enter into any commercial or business arrangement therewith. The Master Trustee shall not be deemed to have any conflict of interest solely by reason of any such transaction.

SECTION 5.6 Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Master Notes then Outstanding. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor Master Trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Master Notes Outstanding. In the event a successor Master Trustee has not been appointed and qualified within 30 days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have in this Master Trust Indenture and the trust estate created hereby to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and on request communicate on request all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder.

SECTION 5.7 Compensation and Reimbursement. Each Member of the Obligated Group, respectively, agrees:

(a) To pay the Master Trustee and the co-trustee, if any, from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee and the co-trustee, if any, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee or such co-trustee, if any, in accordance with any provision of this Master Indenture or any Related Document (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify the Master Trustee and the co-trustee, if any, for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the members of the Obligated Group under this Section, the Master Trustee and the co-trustee, if any, shall have a lien prior to any Master Notes upon all property and funds held or collected by the Master Trustee or such co-trustee, if any, as such, except funds held in trust for the payment of principal of or interest or premium on Master Notes or Payment Obligations.

SECTION 5.8 Separate or Co-Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least 25% in aggregate principal amount of Master Notes outstanding, shall appoint, one or more persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Master Notes shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or by the Master Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members of the Obligated Group shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee or any paying agent hereunder shall be personally liable by reason of any act or omission of any other trustee or paying agent hereunder nor will the act or omission of any trustee or paying agent hereunder be imputed to any other trustee or paying agent.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Master Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Master Trustee its or his attorney-in-fact and agent, with full power and authority to perform all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

ARTICLE 6.

SUPPLEMENTS AND AMENDMENTS

SECTION 6.1 Supplements Not Requiring Consent of Holders. Each member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission herein.
- (b) To correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder and that shall not materially and adversely affect the interests of the Holders.
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.2(a).
- (d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.
- (e) To create and provide for the issuance of Master Notes as permitted hereunder.
- (f) To obligate a successor to any Member of the Obligated Group as provided in Section 3.3.
- (g) To comply with the provisions of any federal or state securities law.
- (h) To permit the issuance of Master Notes in "book-entry" form.
- (i) To add additional Property to the Pledged Assets.

SECTION 6.2 Supplements Requiring Consent of Holders.

(a) Other than Supplements referred to in Section 6.1 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than 51% in aggregate principal amount of Master Notes then Outstanding shall have the right, from time to time anything contained herein to the contrary notwithstanding, to prohibit or to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) effect a change in the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Master Note or a reduction in the principal amount or redemption price of any Master Note or the rate of interest thereon, without the consent of the Holder of such Master Note;

(ii) permit the preference or priority of any Master Note over any other Master Note, without the consent of the Holders of all Master Notes then outstanding;

(iii) reduce the aggregate principal amount of Master Notes then outstanding the consent of the Holders of which is required to authorize any Supplement, without the consent of the Holders of all Master Notes then Outstanding; or

(iv) release or reduce the obligations of the Obligated Group set forth in Section 5.7.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary, or if it has no secretary, its comparable officer, and the proposed Supplement and if within such period, not exceeding three years, as shall be prescribed by each Member of the Obligated Group following the request, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Master Notes specified in subsection (a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Master Note and of any Master Note issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Master Note giving such consent or by a subsequent Holder thereof by filing with the Master Trustee prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Master Note is transferable by delivery, proof that such Master Note is held by the signer of such revocation in the manner permitted by Section 8.1 of this Master Indenture. At any time after the Holders of the required principal amount or number of Master Notes shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Master Notes Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or to object to any of the terms

and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 6.3 Execution and Effect of Supplements.

(a) In executing any Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted hereby. The Master Trustee may but shall not be obligated to enter into any such Supplement that affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of any Master Note theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Master Note authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any series of Master Notes then Outstanding or the Master Trustee shall so determine, new Master Notes so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Master Notes then Outstanding.

(d) Upon the execution and delivery of any Supplement in accordance with this Article, the Master trustee shall cause a copy of such supplement to be delivered to each Holder of a Master Note, and to each co-trustee, if any.

ARTICLE 7.

SATISFACTION AND DISCHARGE OF MASTER INDENTURE

SECTION 7.1 Satisfaction and Discharge of Master Indenture. If (i) the Obligated Group shall deliver to the Master Trustee for cancellation all Master Notes theretofore authenticated (other than any Master Notes which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and paid in full and not theretofore cancelled; or (ii) all Master Notes not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and shall have been paid in full, or (iii) all Master Notes that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the members of the Obligated Group or any thereof, then this Master Indenture shall cease to be of further effect, and the Master Trustee on demand of the Members of the Obligated Group and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture. Each Member of the Obligated Group, respectively, hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Indenture or such Master Notes.

SECTION 7.2 Payment of Master Notes after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Master Notes and the registration, transfer, exchange and replacement of Master Note as provided herein.

Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any or interest on any Master Note remaining unclaimed for five years after the principal of all Master Notes has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Members of the Obligated Group, as their interests may appear, and the Holders of any Master Notes not theretofore presented for payment shall thereafter be entitled to look only to the Members of the Obligated Group for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE 8.

CONCERNING THE HOLDERS

SECTION 8.1 Evidence of Acts of Holders.

(a) In the event that any request, direction or consent is requested or permitted hereunder of the Holders, the holders of Related Indebtedness then outstanding shall be deemed to be such Holders for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Indebtedness then outstanding held by each such holder of Related Indebtedness bears to the aggregate principal amount of all Related Indebtedness then outstanding.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Master Notes, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members of the Obligated Group, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the Person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(ii) The ownership of Related Indebtedness may be proved by the registration books for such Related Indebtedness maintained pursuant to the Related Documents.

(d) Nothing in this Section shall be construed as limiting the Master Trustee to the proof herein specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision hereof upon the request or with the assent of any person who at the time is the Holder of any Master Note, shall be conclusive and binding upon all future Holders of the same Master Note.

SECTION 8.2 Master Notes or Related Indebtedness Owned by Members of Obligated Group. In determining whether the Holders of the requisite aggregate principal amount of Master Notes have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Master Notes or Related Indebtedness owned by any Member of the Obligated Group or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Documents as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Master Notes or Related Indebtedness that the Master Trustee has actual notice or knowledge are so owned shall be so disregarded. Master Notes or Related Indebtedness that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Documents, as the case may be, for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee, the pledgee's right to vote such Master Notes or Related Indebtedness and that the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

SECTION 8.3 Instruments Executed by Holders Bind Future Holders. At any time before (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.1 hereof, or the taking of any action by the Holders of the percentage in aggregate principal amount of Master Notes specified herein in connection with such action, any Holder of such a Master Note or Related Indebtedness that is shown by such evidence to be included in Master Notes the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.1, revoke such action so far as concerns such Master Note or Related Indebtedness. Except upon such revocation any such action taken by the Holder of an Master Note or Related Indebtedness in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Master Note or Related Indebtedness which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Master Note or Related Indebtedness, and of any Master Note or Related Indebtedness issued in lieu thereof, whether or not any notation in regard thereto is made upon such Master Note or Related Documents. Any action taken by the Holders of the percentage in aggregate principal amount of Master Notes specified herein in connection with such action shall be conclusively binding upon each Member of the Obligated Group, the Master Trustee and the Holders of all of such Master Notes or Related Indebtedness.

ARTICLE 9.

MISCELLANEOUS PROVISIONS

SECTION 9.1 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Master Notes issued hereunder is intended or shall be construed to give to any Person other than each Member of the Obligated Group, the Master Trustee and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and provisions herein contained; this Master Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

SECTION 9.2 Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Master Notes issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

SECTION 9.3 Holidays. Except to the extent a Supplement or an Master Note provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Master Note is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

SECTION 9.4 Governing Law. This Master Indenture and any Master Notes issued hereunder are contracts made under the laws of the State of Florida and shall be governed by and construed in accordance with the laws of such state without regard to conflict of law principles.

SECTION 9.5 Counterparts. This Master Indenture may be execute in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

SECTION 9.6 Immunity of Individuals. No recourse shall be had for the payment or the principal of, premium, if any, or interest on any Master Notes issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, member, employee, trustee or agent of any Member of the Obligated Group, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Master Notes issued hereunder.

SECTION 9.7 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Member of the Obligated Group, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

SECTION 9.8 Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to the Hospital or any other Member of the Obligated Group, addressed to the Hospital at its principal place of business, which on the date hereof is: 400 Health Park Boulevard, St. Augustine, Florida 32086, Attention: President;

(ii) If to the Master Trustee, addressed to it at _____, Attention: Corporate Trust Department; or

(iii) If to any registered Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the Holders designate a different address or addresses for notice hereunder.

IN WITNESS WHEREOF, the Hospital, the Foundation and the System, as original members of the Obligated Group have caused these presents to be signed in their name and on their behalf and attested by their duly authorized officers and to evidence its acceptance of the

trusts hereby created the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officers, all of as of the day and year first above written.

FLAGLER HEALTH CARE SYSTEM, INC.

By: _____
President

ATTEST:

By: _____
Secretary

**FLAGLER HEALTH CARE FOUNDATION,
INC.**

By: _____
President

ATTEST:

By: _____
Secretary

FLAGLER HOSPITAL, INC.

By: _____
President

ATTEST:

By: _____
Secretary

_____,
as Master Trustee

By: _____
Title:

ATTEST:

By: _____
Authorized Officer

STATE OF FLORIDA)
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this _____ by _____ of _____, a _____ corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

Notary Public

My Commission Expires:

(NOTARIAL SEAL)

STATE OF FLORIDA)
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this _____ by _____ of _____, a _____ corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

Notary Public

My Commission Expires:

(NOTARIAL SEAL)

COUNTY OF ST. JOHNS

) SS

_____ of _____

_____, a _____
 corporation, on behalf of the corporation. He/she is personally known to me or has produced
 _____ as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ____ day of _____, 1992

Notary Public

My Commission Expires:

(NOTARIAL SEAL)

ACKNOWLEDGEMENT OF FLAGLER HOSPITAL, INC.

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this
----- b y
----- of
-----, a -----
corporation, on behalf of the corporation. He/she is personally known to me or has produced
----- as identification and did take an oath.

Witness my hand and official seal in the County and State last aforesaid this ___ day of
_____, 1992

My Commission Expires:

(NOTARIAL SEAL)

ST. JOHNS COUNTY, FLORIDA

to

THE BANK OF NEW YORK,
as Trustee

FOURTH SUPPLEMENTAL TRUST INDENTURE
Dated as of September 1, 1992

Supplementing and Amending the
TRUST INDENTURE
Dated as of August 1, 1986,
as Amended and Supplemented by the
FIRST SUPPLEMENTAL TRUST INDENTURE
Dated as of March 1, 1989

and
SECOND SUPPLEMENTAL TRUST INDENTURE
Dated as of July 1, 1992

and
THIRD SUPPLEMENTAL TRUST INDENTURE
Dated as of August 1, 1992

Securing
Hospital Revenue Bonds, 1986 Series A
(Flagler Hospital, Inc. Project)

THIS FOURTH SUPPLEMENTAL TRUST INDENTURE dated as of September 1, 1992 (the "Fourth Supplemental Indenture"), between St. Johns County, Florida (the "Issuer"), a political subdivision of the State of Florida, and The Bank of New York, formerly known as Irving Trust Company, as trustee (the "Trustee"), a banking corporation duly organized and validly existing under the laws of the State of New York, having its principal corporate trust office in New York, New York, amending and supplementing the Trust Indenture dated as of August 1, 1986, between the Issuer and the Trustee, as amended and supplemented by the First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, the Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee, and the Third Supplemental Trust Indenture dated as of August 1, 1992, between the Issuer and the Trustee (said Trust Indenture, as amended and supplemented by said First Supplemental Trust Indenture, said Second Supplemental Trust Indenture and said Third Supplemental Trust Indenture, is hereinafter referred to as the "Original Indenture");

W I T N E S S E T H:

WHEREAS, at the request of Flagler Hospital, Inc. (the "Hospital"), the Issuer has heretofore issued \$23,300,000 in aggregate principal amount of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds"), pursuant to the Original Indenture; and

WHEREAS, the Issuer issued the Bonds for the purpose of providing funds to the Issuer to make a loan to the Hospital pursuant to the terms of a Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (as amended and supplemented, the "Original Agreement"), for the purpose of financing the cost of the acquisition, construction and equipping of a new 115-bed acute care general hospital facility now located at 400 Health Park Boulevard, south of the city limits of the City of St. Augustine, Florida, to be owned and used by the Hospital; and

WHEREAS, the St. Johns County Industrial Development Authority (the "Authority") issued its Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), in an aggregate principal amount not to exceed \$28,000,000 (the "Series 1992 Bonds"), for the purpose of providing funds to the Authority to make a loan to the Hospital for the purposes of (i) refunding a portion of the Bonds, (ii) paying or reimbursing the Hospital for a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities, (iii) funding a debt service reserve fund for the Series 1992 Bonds, and (iv) paying a portion of the costs of issuing the Series 1992 Bonds; and

WHEREAS, the Bonds are secured by, among other things, an irrevocable [letter of credit (the "Yasuda Letter of Credit") issued by The Yasuda Trust and Banking Company, Limited, a Japanese banking corporation, acting through its New York Branch ("Yasuda"), and, simultaneously with the execution and delivery of this Fourth Supplemental Indenture, the Hospital expects to replace the Yasuda Letter of Credit with a] letter of credit (the "Kredietbank

Letter of Credit") [to be] issued by Kredietbank N.V., a Belgian bank, acting through its New York Branch ("Kredietbank")[, pursuant to Section 6.03 of the Original Indenture]; and

WHEREAS, the Series 1992 Bonds, the Bonds and the Hospital's obligations to Kredietbank are or will be secured with separate Master Notes (the "Master Notes") issued or to be issued pursuant to a Master Trust Indenture and pursuant to separate supplements that will specify the terms of each specific Master Note (as supplemented, the "Master Indenture") and pursuant to the Master Indenture, each Master Note will constitute the joint and several obligation of the members of the Obligated Group, as defined in the Master Indenture, and shall be equally and ratably secured by a pledge and security interest in the Pledged Assets, as defined in the Master Indenture, of each member of the Obligated Group, all in the manner described in the Master Indenture; and

WHEREAS, in connection with the issuance of the Series 1992 Bonds, the refunding of a portion of the Bonds and the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit, at the request of the Hospital, the Issuer, by resolution duly adopted on July 14, 1992, has determined to enter into this Fourth Supplemental Indenture to amend and supplement the Original Indenture and a Second Supplemental Loan Agreement (the "Second Supplemental Agreement") to amend and supplement the Original Agreement for the purposes of authorizing the restructuring of the Bonds described therein, including releasing the Debt Service Reserve Fund relating to the Series 1986 Bonds in connection therewith and making certain other amendments to the Original Indenture and the Original Agreement to facilitate the refunding of a portion of the Bonds and improve the marketability of the Bonds; and

WHEREAS, under Section 14.02 of the Original Indenture, the Original Indenture may be amended as described above by a supplemental indenture, and under Section 7.04 of the Original Agreement and Section 14.03 of the Original Indenture, the Original Agreement may be amended as described above by a supplemental loan agreement, with the unanimous consent of the Trustee, the Issuer, the Credit Facility Issuer, as defined in the Original Indenture, all holders of the Bonds (the "Bondholders") and the Hospital; and the Trustee, Kredietbank, as Credit Facility Issuer, all Bondholders and the Hospital have consented to this Fourth Supplemental Indenture and the Second Supplemental Agreement and the Trustee has delivered to the Chairman of the Board of County Commissioners of the Issuer a certificate that such consents have been obtained;

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH that in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Issuer and the Trustee hereby agree for the equal and proportionate benefit of the holders from time to time of the Bonds, as follows:

Section 1. Definitions and Terms. Unless the context shall otherwise require, and except as provided in this Fourth Supplemental Indenture, the capitalized words and terms used in this Fourth Supplemental Indenture shall have the meanings specified in the Original

Indenture. Except as otherwise indicated or provided, words importing persons include firms, associations and corporations, and words importing the single number include the plural number and vice versa.

Section 2. Confirmation of Original Indenture. The Original Indenture and this Fourth Supplemental Indenture shall be read, taken and construed as one and the same instrument. Except as amended and supplemented hereby, the provisions of the Original Indenture shall remain in full force and effect.

Section 3. Amendments to Definitions in the Original Indenture. The definitions of the terms "Debt Service Reserve Fund" and "Debt Service Reserve Fund Requirement" contained in Article I of the Original Indenture are hereby stricken therefrom and all references to such terms contained in the Original Indenture are hereby stricken. The definition of the term "Interest Payment Date" contained in Article I of the Original Indenture is hereby amended to read as follows:

"Interest Payment Date" means (a) with respect to any Bonds which bear interest at the Initial Rate or at a Variable Rate, the first Business Day of each November, February, May and August, commencing November 1, 1986, and continuing through the first Business Day of August, 1992, and the first Business Day of each calendar month thereafter and (b) with respect to any Bonds which bear interest at the Fixed Rate, each February 1 and August 1 following the effective date of the Fixed Rate.

Section 4. Amendment to Section 5.04 of the Original Indenture. Section 5.04 of the Original Indenture is hereby stricken and all amounts on deposit in the Debt Service Reserve Fund, \$1,965,000, shall be transferred, together with proceeds of the Series 1992 Bonds in an amount equal to \$ _____, to [Yasuda] [Kredietbank] on the date of [issuance of the Series 1992 Bonds] [the execution and delivery hereof] (i.e., \$ _____) to reimburse [Yasuda] [Kredietbank] for a draw made by the Trustee on the Kredietbank Letter of Credit on such date under Section 3.02(b) of the Original Indenture to pay the purchase price of \$ _____ in aggregate principal amount of Bonds tendered on such date pursuant to Section 2.03 of the Original Indenture, plus \$ _____ accrued interest thereon (i.e., \$ _____). [Yasuda] [Kredietbank] shall thereafter deliver such Bonds, which shall be registered in the name of [Yasuda] [Kredietbank] under Section 3.03(a)(2) of the Original Indenture, to the Trustee on behalf of the Issuer and the Hospital, for cancellation by the Trustee in the manner described in Section 2.12 of the Original Indenture.

Section 5. Amendment to Section 8.01(b)(v) of the Original Indenture. The final paragraph of Section 8.01(b)(v) of the Original Indenture is hereby amended to read as follows:

"In the event that any Bonds are redeemed (otherwise than through the operation of the Sinking Fund Redemption) or are purchased and delivered to the Trustee for cancellation, the Trustee shall cause the Issuer to receive a credit

against its Sinking Fund Redemption obligations, if any, equal to the aggregate principal amount of Bonds so redeemed or purchased, as provided in this paragraph. Subject to the limitations contained in Section 4.01 of the Agreement, the Hospital may specify the Sinking Fund Redemption installment against which such credit shall be applied and such installment shall be accordingly reduced. The Hospital shall deliver to the Trustee, on or prior to the delivery of such Bonds, a Hospital Certificate specifying the principal amount of Bonds and the Sinking Fund Redemption installments of the Issuer to be so credited; provided that such Certificate must be delivered at least 45 days prior to the date of the installment specified to be so credited. Concurrently with the events described above in this paragraph, the Trustee shall take such action as may be necessary to evidence the payment by the Hospital of its obligations under the Agreement in the principal amount of the Bonds so delivered or so credited."

Section 6. Amendment to Form of Bond in Original Indenture. The third sentence of paragraph 10 of the Form of Bond contained in Exhibit A to the Original Indenture is hereby amended as follows:

"Interest at the Initial Rate and the Variable Rate shall be computed on the basis of a year of 365 days or 366 days, as the case may be, and shall be payable, in arrears, on the first Business Day (as defined in the Indenture) of each November, February, May and August, commencing November 1, 1986, and continuing through the first Business Day of August, 1992, and on the first Business Day of each calendar month thereafter."

Section 7. Replacement Bonds. The Trustee shall promptly give notice to Bondholders by first class mail, postage prepaid, that this Fourth Supplemental Indenture and the Second Supplemental Agreement have been executed and delivered as described herein, that the amendments made herein and therein are effective as of the date of such execution and delivery (the "Effective Date"), that the Form of Bond has been amended as provided herein and that Bondholders who purchased their Bonds prior to the Effective Date should surrender their Bonds to the Trustee to be exchanged for replacement Bonds containing such amendments in the manner described in Section 2.05 of the Original Indenture.

Section 8. Counterparts. This Fourth Supplemental Indenture and the consents attached hereto may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, St. Johns County, Florida, has caused this Third Supplemental Trust Indenture to be executed by the Chairman or Vice Chairman of its Board of County Commissioners and its seal to be hereunto affixed, attested by the Clerk or Deputy Clerk of the Board of County Commissioners, and The Bank of New York has caused this Third Supplemental Trust Indenture to be executed by one of its authorized officers and its corporate

seal to be hereunto affixed, attested by one of its authorized officers all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

ATTEST:

By _____
Chairman, Board of County
Commissioners

Clerk of the Circuit Court
for St. Johns County, ex
officio clerk of the Board
of County Commissioners

THE BANK OF NEW YORK,
as Trustee

(SEAL)

By _____
Title: _____

ATTEST:

Title: _____

FLAGLER HOSPITAL, INC., hereby consents to the foregoing Fourth Supplemental Trust Indenture dated as of September 1, 1992.

Dated: September __, 1992.

FLAGLER HOSPITAL, INC.

By _____
Title: President

KREDIETBANK N.V., acting through its New York Branch, as Credit Facility Issuer, hereby consents to the foregoing Fourth Supplemental Trust Indenture dated as of September 1, 1992.

Dated: September __, 1992

KREDIETBANK N.V.

By _____
Title:

THE BANK OF NEW YORK, as Trustee, hereby certifies to the Issuer that the Trustee, Kredietbank N.V., as Credit Facility Issuer, all Bondholders and the Hospital have consented to the foregoing Fourth Supplemental Trust Indenture.

Dated: September __, 1992.

THE BANK OF NEW YORK,
as Trustee

By _____
Title:

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by Fred Brinkhoff and Carl "Bud" Markel, the Chairman of the Board of County Commissioners and the Clerk of the Board of County Commissioners, respectively, of St. Johns County, Florida, a political subdivision of the State of Florida, on behalf of the County. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by _____ and _____, a _____ and _____, respectively, of The Bank of New York, a state banking corporation, on behalf of the corporation. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by James D. Conzemius, the President of Flagler Hospital, Inc., a Florida not-for-profit corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by _____, a _____ of Kredietbank N.V., a Belgian banking corporation, on behalf of the corporation. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

EXHIBIT F

**F&L Draft
07/11/92**

ST. JOHNS COUNTY, FLORIDA

and

FLAGLER HOSPITAL, INC.

SECOND SUPPLEMENTAL LOAN AGREEMENT

Dated as of September 1, 1992

Supplementing and Amending the

LOAN AGREEMENT

Dated as of August 1, 1986

as Amended and Supplemented by the

FIRST SUPPLEMENTAL LOAN AGREEMENT

Dated as of August 1, 1992

Relating to

Hospital Revenue Bonds, 1986 Series A

(Flagler Hospital, Inc. Project)

THIS SECOND SUPPLEMENTAL LOAN AGREEMENT dated as of September 1, 1992 (the "Second Supplemental Agreement"), between St. Johns County, Florida, a political subdivision of the State of Florida (the "Issuer"), and Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital"), amending and supplementing the Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital, as amended and supplemented by the First Supplemental Loan Agreement dated August 1, 1992, between the Issuer and the Hospital (said Loan Agreement, as amended and supplemented by said First Supplemental Loan Agreement, is hereinafter referred to as the "Original Agreement");

W I T N E S S E T H:

WHEREAS, at the request of the Hospital, the Issuer has heretofore issued \$23,300,000 in aggregate principal amount of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds"), pursuant to a Trust Indenture dated as of August 1, 1986, between the Issuer and Irving Trust Company, now known as The Bank of New York, as trustee (the "Trustee"); and said Trust Indenture was amended and supplemented pursuant to a First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, a Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee and a Third Supplemental Trust Indenture dated as of August 1, 1992, between the Issuer and the Trustee, (said Trust Indenture, as amended and supplemented by said First Supplemental Trust Indenture, said Second Supplemental Trust Indenture and said Third Supplemental Trust Indenture, is hereinafter referred to as the "Original Indenture"); and

WHEREAS, the Issuer issued the Bonds for the purpose of providing funds to the Issuer to make a loan to the Hospital pursuant to the terms of a Loan Agreement dated as of August 1, 1986, between the Issuer and the Hospital (the "Original Agreement"), for the purpose of financing the cost of the acquisition, construction and equipping of a new 115-bed acute care general hospital facility now located at 400 Health Park Boulevard, south of the city limits of the City of St. Augustine, Florida, to owned and used by the Hospital; and

WHEREAS, the St. Johns County Industrial Development Authority (the "Authority") issued its Hospital Revenue Bonds, Series 1992 (Flagler Hospital Project), in an aggregate principal amount not to exceed \$28,000,000 (the "Series 1992 Bonds"), for the purpose of providing funds to the Authority to make a loan to the Hospital for the purposes of (i) refunding a portion of the Bonds, (ii) paying or reimbursing the Hospital for a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities, (iii) funding a debt service reserve fund for the Series 1992 Bonds, and (iv) paying a portion of the costs of issuing the Series 1992 Bonds; and

WHEREAS, the Bonds are secured by, among other things, an irrevocable [letter of credit (the "Yasuda Letter of Credit") issued by The Yasuda Trust and Banking Company, Limited, a Japanese banking corporation, acting through its New York Branch ("Yasuda"), and, simultaneously with the issuance of the Series 1992 Bonds, the Hospital expects to replace the

Yasuda Letter of Credit with a] letter of credit (the "Kredietbank Letter of Credit") [to be] issued by Kredietbank N.V., a Belgian bank, acting through its New York Branch ("Kredietbank"), [pursuant to the Section 6.03 of the Original Indenture]; and

WHEREAS, the Series 1992 Bonds, the Bonds and its obligations to Kredietbank are or will be secured with separate Master Notes (the "Master Notes") issued or to be issued pursuant to a Master Trust Indenture and pursuant to separate supplements that will specify the terms of each specific Master Note (as supplemented, the "Master Indenture"); and pursuant to the Master Indenture, each Master Note will constitute the joint and several obligation of the members of the Obligated Group, as defined in the Master Indenture, and shall be equally and ratably secured by a pledge and security interest in the Pledged Assets, as defined in the Master Indenture, of each member of the Obligated Group, all in the manner described in the Master Indenture; and

WHEREAS, in connection with the issuance of the Series 1992 Bonds, the refunding of a portion of the Bonds and the replacement of the Yasuda Letter of Credit with the Kredietbank Letter of Credit, at the request of the Hospital, the Issuer, by resolution adopted on July 14, 1992, has determined to enter into a Fourth Supplemental Trust Indenture (the "Fourth Supplemental Indenture") to amend and supplement and this Second Supplemental Agreement to amend and supplement the Original Agreement for the purposes of authorizing the restructuring of the Bonds described therein, including releasing the Debt Service Reserve Fund relating to the Series 1986 Bonds in connection therewith and making certain other amendments to the Original Indenture and the Original Agreement to facilitate the refunding of a portion of the Bonds and improve the marketability of the Bonds; and

WHEREAS, under Section 14.02 of the Original Indenture, the Original Indenture may be amended as described above by a supplemental indenture, and under Section 7.04 of the Original Agreement and Section 14.03 of the Original Indenture, the Original Agreement may be amended as described above by a supplemental loan agreement, with the unanimous consent of the Trustee, the Issuer, the Credit Facility Issuer, as defined in the Original Indenture, all holders of the Bonds (the "Bondholders") and the Hospital; and the Trustee, Kredietbank, as Credit Facility Issuer, all Bondholders and the Hospital have consented to the Fourth Supplemental Indenture and this Second Supplemental Agreement and the Trustee has delivered to the Chairman of the Board of County Commissioners of the Issuer a certificate that such consents have been obtained;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Issuer and the Hospital hereby agree for the equal and proportionate benefit of the holders from time to time of the Bonds, as follows:

Section 1. Definitions and Terms. Unless the context shall otherwise require, and except as provided in this Second Supplemental Agreement, the capitalized words and terms used in this Second Supplemental Agreement shall have the meanings specified in the Original

Agreement. Except as otherwise indicated or provided, words importing persons include firms, associations and corporations, and words importing the single number include the plural number and vice versa.

Section 2. Confirmation of Original Agreement. The Original Agreement and this Second Supplemental Agreement shall be read, taken and construed as one and the same instrument. Except as amended and supplemented hereby, the provisions of the Original Agreement shall remain in full force and effect.

Section 3. Amendment to Definitions in the Original Agreement. All references to the term "Debt Service Reserve Fund" contained in the Original Agreement are hereby stricken.

Section 3. Amendment to Section 4.01 of the Original Agreement. Section 4.01 of the Original Agreement is hereby amended as follows:

(a) Section 4.01(a) thereof is hereby amended to read as follows:

"(a) On or before November 1, 1986 and on or before the first Business Day of each February, May, August and November thereafter through the first Business Day of August, 1992, and on or before September 1, 1992 and on or before the first Business Day of each calendar month thereafter, the amount which, together with other available funds in the Bond Fund established under the Indenture, is necessary to provide, in equal installments, funds for the payment of the principal of Bonds becoming due at maturity or by Sinking Fund Redemption (pursuant to Section 8.01(b)(v) of the Indenture) on the then occurring or next succeeding principal maturity or Sinking Fund Redemption date."

(b) Section 4.01(b) thereof is hereby amended to read as follows:

"(b) On or before November 1, 1986 and on or before the first Business Day of each February, May, August and November thereafter through the first Business Day of August, 1992, and on or before September 1, 1992 and on or before the first Business Day of each calendar month thereafter, the amount which, together with other available funds in the Bond Fund established under the Indenture, is necessary (i) to provide funds for the payment of the interest on the Bonds becoming due on such date during the Variable Rate Period or (ii) to provide, in equal installments, funds for the payment of the interest on the Bonds becoming due on the then occurring or next succeeding Interest Payment Date during the Fixed Rate Period."

Section 4. Counterparts. This Second Supplemental Agreement and the consents attached hereto may be executed in any number of counterparts, each of which when so executed

and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, St. Johns County, Florida, has caused this Second Supplemental Loan Agreement to be executed by the Chairman or Vice Chairman of its Board of County Commissioners and its seal to be hereunto affixed, attested by the Clerk or Deputy Clerk of the Board of County Commissioners, and Flagler Hospital, Inc. has caused this First Supplemental Loan Agreement to be executed by its President and its corporate seal to be hereunto affixed, attested by its Secretary, all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

ATTEST:

By _____
Chairman, Board of County
Commissioners

Clerk of the Circuit Court
for St. Johns County, ex
officio clerk of the Board
of County Commissioners

FLAGLER HOSPITAL, INC.

(SEAL)

ATTEST:

By _____
President

Secretary

KREDIETBANK N.V., acting through its New York Bank, as Credit Facility Issuer, hereby consents to the foregoing Second Supplemental Loan Agreement dated as of September 1, 1992.

Dated: September __, 1992

KREDIETBANK N.V.

By _____
Title: _____

THE BANK OF NEW YORK, as Trustee, hereby consents to the foregoing Second Supplemental Loan Agreement dated as of September 1, 1992, and hereby certifies to the Issuer that the Trustee, Kredietbank N.V., as Credit Facility Issuer, all Bondholders and the Hospital have consented to the foregoing Second Supplemental Loan Agreement.

Dated: September __, 1992

THE BANK OF NEW YORK, as Trustee

By _____
Title: _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by Fred Brinkhoff and Carl "Bud" Markel, the Chairman of the Board of County Commissioners and the Clerk of the Board of County Commissioners, respectively, of St. Johns County, Florida, a political subdivision of the State of Florida, on behalf of the County. Such persons did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by James D. Conzemius, the President of Flagler Hospital, Inc., a Florida not-for-profit corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by _____, a _____ of Kredietbank N.V., a Belgian banking corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of September, 1992, by _____, a _____ of The Bank of New York, a state banking corporation, on behalf of the corporation. Such person did not take an oath and: *(notary must check applicable box)*

- ☐ is/are personally known to me.
- ☐ produced a current Florida driver's license as identification.
- ☐ produced _____ as identification.

{Notary Seal must be affixed}

Signature of Notary

Name of Notary (Typed, Printed or Stamped)

Commission Number (if not legible on seal): _____

My Commission Expires (if not legible on seal): _____

EXHIBIT G

BMO
Draft
7/10/92

PRELIMINARY REMARKETING CIRCULAR DATED , 1992

NOT A NEW ISSUE

Rating: Moody's
(See "Rating" herein.)

In the opinion of Ballard, Spahr, Andrews & Ingersoll and Meredith, Dobson, Ready, Reynolds, Conn & Joyce, P.A., Co-Bond Counsel, rendered on the date of issuance of the Series 1986 Bonds, interest on the Series 1986 Bonds was exempt from Federal income tax as enacted and construed on the date thereof. In the opinion of Foley & Lardner rendered in connection with the substitution of the Alternate Credit Facility, the execution and delivery of the Supplemental Indenture and the Supplemental Agreement and the substitution of the Alternate Credit Facility will not, in and of themselves, adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Series 1986 Bonds (as the Deemed Refunding Bonds). See "TAX STATUS" herein.

\$ *
ST. JOHNS COUNTY, FLORIDA
HOSPITAL REVENUE BONDS
1986 SERIES A
(FLAGLER HOSPITAL, INC. PROJECT)

Series Issue Date: August 14, 1986

Due: August 1, 2016

This Remarketing Circular is distributed in connection with the proposed delivery to The Bank of New York, as Trustee, of a replacement letter of credit expected to be issued on August 13, 1992 by Kredeitbank, N.V., New York Branch, in lieu of the letter of credit presently held by The Bank of New York, as Trustee, which was issued by The Yasuda Trust and Banking Company, Limited. Under such replacement letter of credit to be issued by Kredeitbank, N.V., New York Branch, The Bank of New York, as Trustee, will be entitled to draw up to an amount sufficient to pay the principal of and up to 120 days' accrued interest on the Series 1986 Bonds to be used to pay the principal of and interest on the Series 1986 Bonds when due and to pay the purchase price of the Series 1986 Bonds tendered for purchase (in each case, other than Series 1986 Bonds which have been converted to a Fixed Rate). Such Letter of Credit will, unless terminated by earlier events as described therein or unless extended, terminate on _____, 19__.

The Series 1986 Bonds are issuable in fully registered form without coupons in denominations of \$100,000 and integral multiples thereof. Interest on the Series 1986 Bonds at the Variable Rate is payable by check mailed on the first Business Day of each calendar month to the address of the person in whose name such Series 1986 Bond is registered at the close of business on the preceding day as such address shall appear in the Bond Register or by wire transfer to any owner of Series 1986 Bonds in the principal amount of \$1,000,000 or more at the written request of the owner. Payments of the principal and redemption price of Series 1986 Bonds will be payable upon surrender at the principal corporate trust office of The Bank of New York, New York, New York, as Paying Agent.

The Series 1986 Bonds were issued pursuant to a Trust Indenture dated as of August 1, 1986 (as later amended and supplemented, the "Indenture") between St. Johns County, Florida (the "County") and The Bank of New York (formerly Irving Trust Company) (the "Trustee") and are payable from and secured by payments to be made by Flagler Hospital, Inc. (the "Hospital") pursuant to a Loan Agreement dated as of August 1, 1986 (the "Agreement") and moneys held by the Trustee pursuant to the Indenture. The obligation of the Hospital to make such payments is now secured by a Master Note issued by the Hospital pursuant to a Master Indenture dated as of August 1, 1992 among the Hospital, Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. and Sun Bank, National Association, Orlando, Florida.

CERTAIN AMENDMENTS AND SUPPLEMENTS TO THE INDENTURE AND AGREEMENT HAVE BEEN APPROVED BY THE COUNTY. THESE AMENDMENTS AND SUPPLEMENTS WILL REQUIRE THE UNANIMOUS APPROVAL OF THE SERIES 1986 BONDHOLDERS, WHICH IS EXPECTED TO BE DELIVERED PRIOR TO THE REMARKETING OF THE SERIES 1986 BONDS. THE DESCRIPTIONS CONTAINED HEREIN OF THE SERIES 1986 BONDS, THE INDENTURE AND THE AGREEMENT ASSUME THAT SUCH APPROVAL HAS BEEN OBTAINED AND THE AMENDMENTS AND SUPPLEMENTS BECAME EFFECTIVE ON OR BEFORE THE DATE OF THIS REMARKETING CIRCULAR.

The Variable Rate borne by the Series 1986 Bonds shall be determined by the Remarketing Agent on each Variable Rate Determination Date as described herein. Series 1986 Bonds bearing interest at a Variable Rate shall be purchased upon surrender thereof by The Bank of New York, New York, New York, as Tender Agent, at the option of the holder thereof on any Business Day not prior to the seventh day after the date of the delivery of the tender notice to the Tender Agent. The interest rate borne by the Series 1986 Bonds may be converted to a Fixed Rate as described herein.

The proceeds of the Series 1986 Bonds were used for the purpose of, among other things, paying the cost of acquiring, constructing and equipping an acute care general hospital.

The Series 1986 Bonds are subject to optional and mandatory redemption prior to maturity and mandatory purchase as more fully described herein.

THE SERIES 1986 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM THE SOURCES REFERRED TO THEREIN AND DESCRIBED HEREIN. NO COVENANT OR AGREEMENT IN THE SERIES 1986 BONDS OR IN THE INDENTURE AND NO OBLIGATION THEREIN IMPOSED UPON THE COUNTY AND NO BREACH THEREOF SHALL CONSTITUTE OR GIVE RISE TO OR IMPOSE UPON THE COUNTY A GENERAL LIABILITY OR CHARGE UPON ITS GENERAL CREDIT OR PROPERTY OTHER THAN THE TRUST ESTATE. THE COUNTY HAS NO POWER AT ANY TIME OR IN ANY MANNER TO PLEDGE THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 1986 BONDS, NOR SHALL ANY OF THE OBLIGATIONS OF THE COUNTY BE DEEMED TO BE OBLIGATIONS OF THE STATE OF FLORIDA OR ANY OTHER POLITICAL SUBDIVISION THEREOF, NOR SHALL THE COUNTY, THE STATE OF FLORIDA OR ANY OTHER POLITICAL SUBDIVISION THEREOF BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 1986 BONDS.

For information concerning counsel who passed upon certain legal matters with respect to the issuance of the Series 1986 Bonds and counsel who will pass upon certain legal matters with respect to the remarketing of the Series 1986 Bonds, see "LEGAL MATTERS" herein. It is expected that the Series 1986 Bonds will be available for delivery to the Remarketing Agent on or about _____, 1992.

MORGAN STANLEY & CO. INCORPORATED
Remarketing Agent

The date of this Remarketing Circular is _____, 1992.

*Preliminary, subject to change.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1986 BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 1986 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 1986 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 1986 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 1986 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS REMARKETING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The information contained herein under the heading "THE COUNTY" has been furnished by St. Johns County, Florida. All other information contained herein has been obtained from Flagler Hospital, Inc., Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. and other sources (other than St. Johns County) which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by, St. Johns County, Florida or the Remarketing Agent. No representation, warranty or guarantee is made by the Remarketing Agent as to the accuracy or completeness of any information in this Remarketing Circular, and nothing contained in this Remarketing Circular is or shall be relied upon as a promise or representation by the Remarketing Agent.

This Remarketing Circular does not constitute an offer to sell the Series 1986 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by St. Johns County, Florida or any other person. Neither the delivery of this Remarketing Circular nor the sale of any Series 1986 Bonds implies that there has been no change in the matters described herein since the date hereof.

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REMARKETING CIRCULAR

\$ _____ *

**ST. JOHNS COUNTY, FLORIDA
HOSPITAL REVENUE BONDS
1986 SERIES A
(FLAGLER HOSPITAL, INC. PROJECT)**

INTRODUCTORY STATEMENT

The purpose of this Remarketing Circular, including the cover page and Appendices, is to furnish certain information in connection with the remarketing of \$ _____ * aggregate principal amount of St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Series 1986 Bonds") by St. Johns County, Florida (the "County"). The Series 1986 Bonds were issued by the County in accordance with the Constitution of the State of Florida and the Florida Industrial Development Financing Act, Chapter 159, Part II, Florida Statutes, as amended (the "Act") and pursuant to a Trust Indenture, dated as of August 1, 1986 (as amended and supplemented, the "Indenture"), between the County and The Bank of New York (formerly known as Irving Trust Company), New York, New York, as trustee (the "Trustee"). The proceeds from the sale of the Series 1986 Bonds were loaned to Flagler Hospital, Inc. (the "Hospital") pursuant to a Loan Agreement dated as of August 1, 1986 (as amended and supplemented, the "Agreement") and used, among other things, to pay the cost of acquiring, constructing and equipping an acute care general hospital. The Hospital has agreed to make loan payments directly to the Trustee at the times and in the amounts sufficient to pay the principal and purchase price of, premium, if any, and interest on the Series 1986 Bonds.

On _____, 1992, Kredietbank, N.V., New York Branch, (the "Alternate Credit Facility Issuer") will issue an irrevocable, direct-pay letter of credit (the "Alternate Credit Facility") pursuant to a Reimbursement Agreement dated as of August 1, 1992 (the "Reimbursement Agreement") between the Alternate Credit Facility Issuer and the Hospital to replace the current letter of credit issued by The Yasuda Trust and Banking Company, Limited (the "Prior Credit Facility Issuer"). The Alternate Credit Facility will secure payment of the principal of and up to 120 days' accrued interest on the Series 1986 Bonds. The Alternate Credit Facility has a stated termination date of _____, 19__ and will be subject to termination prior to that time upon the occurrence of certain events as set forth in the Alternate Credit Facility. The form of Alternate Credit Facility is attached hereto in Appendix G.

The Hospital, a not-for-profit corporation organized and existing under the laws of the State of Florida, currently owns and operates a 115 bed acute care general hospital known as Flagler Hospital (the "Flagler East Campus Facility") located at 400 Health Park Boulevard in St. Johns County, Florida and a 115 bed acute care general hospital now known as Flagler West (the "West Campus Facility" and, together with the Flagler East Campus Facility, the "Facilities"). For a description of the Hospital and the Facilities, see Appendix A hereto.

The Hospital, Flagler Health Care System, Inc., the parent corporation and holding company of the Hospital (the "System"), and Flagler Health Care Foundation, Inc., an affiliate of the Hospital (the "Foundation"), are the current members of an obligated group (the "Obligated Group") created pursuant to a Master Trust Indenture dated as of August 1, 1992 (together with any supplements thereto, the "Master Indenture") among the Obligated Group and Sun Bank, National Association, Orlando, Florida (the "Master Trustee"). The audited consolidated financial statements of the System and its subsidiaries for the years ended September 30, 1990 and 1991 are contained in Appendix B hereto.

Master Note, Series 1986 dated as of August 1, 1992 (the "Series 1986 Note") will be issued by the Hospital pursuant to the Master Indenture in the aggregate principal amount of \$ _____ * to collateralize

*Preliminary, subject to change.

the obligations of the Hospital under the Agreement. In connection with the issuance of the Alternate Credit Facility, Master Note, Series 1986A (together with the Series 1986 Note, the "Series 1986 Notes") will be issued pursuant to the Master Indenture to collateralize the Hospital's reimbursement obligations with respect to the Alternate Credit Facility Issuer.

[As of the date of issuance of the Alternate Credit Facility,] [As of the date of the remarketing of the Series 1986 Bonds in connection with the issuance of the Alternate Credit Facility,] the real property of the Hospital will no longer be pledged or mortgaged to secure the payment of the Hospital's obligations with respect to the Series 1986 Bonds under the Agreement. The mortgage and security interest granted by the Hospital in connection with the issuance of the Series 1986 Bonds to secure the payment of the Hospital's obligations under the Agreement and the Hospital's reimbursement obligations with respect to the Prior Credit Facility Issuer will be released by the Trustee and the Prior Credit Facility Issuer, and the Series 1986 Notes will be delivered to the Trustee and the Alternate Credit Facility Issuer.

The Third Supplemental Trust Indenture dated as of August 1, 1992 (the "Third Supplemental Indenture") between the County and the Trustee and the First Supplemental Loan Agreement dated as of August 1, 1992 (the "First Supplemental Agreement") between the County and the Hospital will be executed and delivered [in connection with] [prior to] the issuance of the Alternate Credit Facility. See "COPY OF TRUST INDENTURE, AS AMENDED AND SUPPLEMENTED, AND LOAN AGREEMENT, AS AMENDED AND SUPPLEMENTED" attached hereto as Appendix C. The Third Supplemental Indenture provides, among other things, for the release of the Bond Guaranty (as defined in the Indenture) and the mortgage and security interest described above and the inclusion of all right, title and interest of the County in the Series 1986 Note in the Trust Estate created by the Indenture.

The Fourth Supplemental Trust Indenture dated as of September 1, 1992 (the "Fourth Supplemental Indenture") between the County and the Trustee and the Second Supplemental Loan Agreement dated as of September 1, 1992 (the "Second Supplemental Agreement") between the County and the Hospital will be executed and delivered [in connection with] [prior to] [__ days after] the issuance of the Alternate Credit Facility. See "COPY OF TRUST INDENTURE, AS AMENDED AND SUPPLEMENTED, AND LOAN AGREEMENT, AS AMENDED AND SUPPLEMENTED" attached hereto as Appendix C. The Fourth Supplemental Indenture provides, among other things, for the release of the Debt Service Reserve Fund (as defined in the Indenture).

By purchasing the Series 1986 Bonds on ____, 1992, the holders thereof will be deemed to have consented to the execution and delivery of the Third Supplemental Indenture, the First Supplemental Agreement, the Fourth Supplemental Indenture and the Second Supplemental Agreement. Series 1986 Bondholders who purchased Series 1986 Bonds prior to ____, 1992 should surrender such Series 1986 Bonds to the Trustee to be exchanged for replacement Series 1986 Bonds which reflect the amendments contained in the Third Supplemental Indenture.

[Concurrently with the issuance of the Alternate Credit Facility] [Approximately __ days following the issuance of the Alternate Credit Facility], the St. Johns County Industrial Development Authority (the "Authority") will issue its Hospital Revenue Bonds (Flagler Hospital Project), Series 1992 (the "Series 1992 Bonds") in the aggregate principal amount of \$25,160,000 * pursuant to a Trust Indenture dated as of August 1, 1992 (the "1992 Indenture") between the Authority and the trustee named therein. The proceeds of the Series 1992 Bonds will be loaned to the Hospital and used to (i) refund by paying the purchase price of \$6,500,000 * principal amount of certain Series 1986 Bonds not being remarketed as described herein and cancelling such Series 1986 Bonds, (ii) pay or reimburse the Hospital for the cost of acquiring, renovating, constructing and installing certain health care facilities, including the acute care general hospital formerly known as "St. Augustine General Hospital", (iii) pay or reimburse the Hospital for the cost of acquiring, constructing and installing new capital equipment, (iv) fund a debt service reserve fund established the benefit of the Series 1992 Bonds, and (v) pay certain costs of issuance of the Series 1992 Bonds. Master Note, Series 1992 (the "Series 1992 Note") will be issued pursuant to the Master Indenture to collateralize the Hospital's

*Preliminary, subject to change.

obligations to make loan payments in amounts sufficient to pay principal of premium, if any, and interest on the Series 1992 Bonds.

The Series 1986 Notes, the Series 1992 Note and any Master Notes subsequently issued pursuant to the Master Indenture (collectively, the "Notes") will be secured on a parity basis by a security interest in all revenues, receipts and accounts (as defined in the Uniform Commercial Code of the State) now owned or hereafter acquired by the Hospital or other members of the Obligated Group, and all proceeds therefrom whether cash or noncash, exclusive of restricted gifts, grants, bequests, donations and contributions (the "Gross Revenues") subject to Permitted Encumbrances. The Gross Revenues of the Obligated Group and any other funds or property assigned, pledged or transferred to the Master Trustee are hereinafter referred to collectively as "Pledged Assets."

Each member of the Obligated Group, as it may from time to time exist, is jointly and severally obligated under the Master Indenture with respect to the payment of the Notes. Under certain conditions other affiliates and successor corporations may become members of the Obligated Group and members, including the Hospital, may withdraw from the Obligated Group. The Master Indenture permits the members of the Obligated Group to incur Indebtedness and to secure such Indebtedness with a Master Note. Any such Master Note would be secured on a parity with the Series 1986 Notes and the Series 1992 Note by a security interest in the Pledged Assets. See "SECURITY FOR THE SERIES 1986 BONDS" herein and "SUMMARY OF MASTER INDENTURE" in Appendix D attached hereto.

The Series 1986 Bonds are special and limited obligations of the County and are payable solely from the sources referred to therein. No covenant or agreement in the Series 1986 Bonds or in the Indenture and no obligation therein imposed upon the County and no breach thereof shall constitute or give rise to or impose upon the County a general liability or charge upon its general credit or property other than the trust estate created under the terms of the Indenture. The County has no power at any time or in any manner to pledge the faith and credit or taxing power of the County, the State of Florida, or any other political subdivision thereof to the payment of the principal of, premium, if any, or interest on the Series 1986 Bonds, nor shall any of the obligations of the County be deemed to be obligations of the County, the State of Florida or any other political subdivision thereof, nor shall the County, the State of Florida, or any political subdivision thereof be liable for the payment of the principal of, premium, if any, or interest on the Series 1986 Bonds.

This Remarketing Circular and the Appendices hereto contain descriptions of the Series 1986 Bonds, the Indenture, the Master Indenture, the Agreement, the Notes, the Reimbursement Agreement and the members of the Obligated Group. Such information, descriptions and summaries do not purport to be complete or definitive, and reference is made to each such document for the complete details of all the terms and conditions thereof. All references herein to the Series 1986 Bonds, the Master Indenture, the Reimbursement Agreement and the Notes are qualified in their entirety by such documents, copies of which are available for inspection at the offices of the Trustee. All references herein to the Indenture and to the Agreement are qualified in their entirety by such documents, copies of which are attached hereto as Appendix C.

The information contained herein under the heading "THE COUNTY" has been furnished by the County. The information contained in Appendix F has been obtained from the Alternate Credit Facility Issuer. All other information contained herein has been obtained from the Hospital, the System, the Foundation and other sources (other than the County) which are believed to be reliable. Such other information is not guaranteed as to accuracy or completeness by, and is not to be relied upon as or construed as a promise or representation by, the County or the Remarketing Agent. No representation, warranty or guarantee is made by the Remarketing Agent as to the accuracy or completeness of any information in this Remarketing Circular, and nothing contained in this Remarketing Circular is or shall be relied upon as a promise or representation by the Remarketing Agent.

All capitalized terms used in this Remarketing Circular and not otherwise defined herein have the meanings set forth in the Indenture contained in Appendix C hereto or in "SUMMARY OF MASTER INDENTURE" attached hereto as Appendix D.

THE COUNTY

The County is a political subdivision of the State of Florida and is authorized under the Florida Industrial Development Financing Act, Chapter 159, Part II, Florida Statutes, as amended (the "Act") to issue bonds and to loan the proceeds thereof to the Hospital for the purposes described herein.

DESCRIPTION OF THE SERIES 1986 BONDS

Terms

The Series 1986 Bonds are issuable in fully registered form without coupons in the authorized denominations of \$100,000 and integral multiples thereof and mature, subject to prior redemption, on August 1, 2016. Interest on the Series 1986 Bonds for each Variable Rate Period Segment shall be payable on the first Business Day of each calendar month (each, an "Interest Payment Date") and shall be computed on the basis of a year of 365 or 366 days, as the case may be, for the number of days actually elapsed.

The Bank of New York, New York, New York, serves as Paying Agent, Trustee, Bond Registrar and Tender Agent for the Series 1986 Bonds. Morgan Stanley & Co. Incorporated, New York, New York, serves as Remarketing Agent for the Series 1986 Bonds.

The principal or redemption price of any Series 1986 Bond shall be payable, upon surrender of such Series 1986 Bond, at the principal corporate trust office of The Bank of New York, New York, New York, as Paying Agent. Interest at the Variable Rate on each Interest Payment Date in respect thereof shall be payable by check mailed on the Interest Payment Date to the address of the person entitled thereon as such address shall appear in the Bond Register. Interest on the Series 1986 Bonds will also be payable by wire transfer to any owner of Series 1986 Bonds in the principal amount of \$1,000,000 or more at the written request of the owner. Interest at the Variable Rate on any Series 1986 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Series 1986 Bond is registered at the close of business on the day next preceding such Interest Payment Date.

Upon surrender for transfer of any Series 1986 Bond at the principal corporate trust office of the Bond Registrar, the County will execute and the Trustee or its Authenticating Agent, if any, will authenticate and deliver in the name of the transferee or transferees, one or more new Series 1986 Bonds of the same maturity and interest rate and of authorized denominations of an aggregate principal amount equal to the Series 1986 Bond being transferred.

All Series 1986 Bonds presented for transfer or exchange, redemption or payment (if so required by the County, the Bond Registrar or the Trustee), will be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner or by his attorney duly authorized in writing.

The County or the Bond Registrar may require the payment by any holder of a Series 1986 Bond requesting exchange or transfer of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Series 1986 Bondholders who purchased Series 1986 Bonds prior to _____, 1992 should surrender such Series 1986 Bonds to the Trustee to be exchanged for replacement Series 1986 Bonds which reflect the amendments contained in the Third Supplemental Indenture.

Determination of Variable Rate

Prior to the effective date of the Fixed Rate, the Remarketing Agent shall determine the interest rate for the Series 1986 Bonds on each Variable Rate Determination Date. The Remarketing Agent shall give telephonic notice, promptly confirmed in writing upon the request of the Trustee, on each such Variable Rate Determination Date to the Trustee of the interest rate to be in effect for each Variable Rate Period Segment. Prior to each Interest Payment Date relating to a Variable Rate Period, the Remarketing Agent shall notify in writing the Hospital, the Alternate Credit Facility Issuer, the Paying Agent and the Tender Agent of the Variable Rate or Rates used to determine the interest payment. The interest rate to be borne by all Series 1986 Bonds for each Variable Rate Period Segment shall be an interest rate which would, in the Remarketing Agent's sole judgment, having due regard for prevailing financial market conditions, be the interest rate necessary (but not in excess of the interest rate necessary) to enable the Remarketing Agent to sell at par the Series 1986 Bonds if the Series 1986 Bonds were tendered for purchase on such Variable Rate Determination Date.

If the Remarketing Agent shall fail or refuse to determine the interest rate for the Series 1986 Bonds for any Variable Rate Period Segment, the interest rate for the Series 1986 Bonds during such Variable Rate Period Segment shall be the same as for the preceding Variable Rate Period Segment. If an Event of Default occurs and is continuing while the Series 1986 Bonds bear interest at a Variable Rate, the interest rate for the Series 1986 Bonds after such Event of Default shall be the same as for the Variable Rate Period Segment in effect when such Event of Default occurred. The determination of the interest rate for each Variable Rate Period Segment by the Remarketing Agent shall be conclusive and binding upon the registered owners of the Series 1986 Bonds, the County, the Hospital, the Trustee, the Tender Agent, the Paying Agent and the Alternate Credit Facility Issuer. The Trustee shall compute the interest due on the Series 1986 Bonds on each Interest Payment Date on the basis of the interest rates determined by the Remarketing Agent and shall give notice thereof to the Paying Agent, the Hospital and the Alternate Credit Facility Issuer.

Notwithstanding the two preceding paragraphs, the interest rate on the Series 1986 Bonds shall be established at a fixed annual interest rate (the "Fixed Rate") on an Interest Payment Date on which interest is payable for the Variable Rate Period, selected by the Hospital upon not less than 45 days' written notice to the County, the Trustee, the Alternate Credit Facility Issuer, the Tender Agent and the Remarketing Agent. The Fixed Rate shall be determined as provided in the Indenture.

Optional Tender for Purchase

Prior to the effective date of the Fixed Rate, any Series 1986 Bond or portion thereof in an Authorized Denomination other than a Series 1986 Bond registered in the name of the Hospital) shall be purchased by the Tender Agent acting on behalf of the Trustee, on the demand of the holder thereof, on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase, if the holder of such Series 1986 Bond delivers to the Trustee and the Tender Agent at its address filed with the Trustee written notice (an "Optional Tender Notice") stating: (1) the principal amount of such Series 1986 Bond; (2) the date on which such Series 1986 Bond or portion thereof shall be purchased, which date shall be a Business Day not prior to the seventh day after the date of the delivery of the Optional Tender Notice to the Tender Agent (the "Variable Rate Purchase Date"); (3) payment instructions with respect to such purchase; and (4) the name and address of the Series 1986 Bondholder.

The holder of any Series 1986 Bond for which an Optional Tender Notice has been delivered to the Tender Agent shall be entitled to the payment of the purchase price thereon on the applicable Variable Rate Purchase Date provided such holder shall deliver such Series 1986 Bond to the Tender Agent at its address filed with the Trustee, at or prior to 10:00 a.m., New York City time, on the Variable Rate Purchase Date specified.

A Series 1986 Bondholder who gives the Optional Tender Notice may repurchase the Series 1986 Bond or portion thereof so tendered on such date if the Remarketing Agent agrees to sell the bond or portion thereof so tendered to such registered owner.

Any Optional Tender Notice shall be irrevocable and shall automatically constitute: (i) an irrevocable agreement to sell such Series 1986 Bond or portion thereof on the date specified in such Optional Tender Notice pursuant to the terms hereof at a price equal to the principal amount of such Series 1986 Bond or portion thereof plus any interest thereon accrued and unpaid as of the purchase date specified in such notice, and (ii) an irrevocable authorization and instruction to the Bond Registrar to effect transfer of such Series 1986 Bond to such purchaser on the Variable Rate Purchase Date.

If a Series 1986 Bondholder who gives the Optional Tender Notice shall fail to deliver the Series 1986 Bond or Bonds identified in the Optional Tender Notice to the Tender Agent at or prior to 10:00 a.m., New York City time, on the date specified in the aforesaid notice, the Series 1986 Bondholder shall have not right to receive any interest accrued on such Series 1986 Bond or Bonds from the Variable Rate Purchase Date to the date of actual delivery, and such Series 1986 Bond or Bonds shall be deemed to be Untendered Bonds.

Anything in the Indenture to the contrary notwithstanding, there shall be no remarketing of Series 1986 Bonds after the effective date of the Fixed Rate, after the principal of the Series 1986 Bonds shall have been accelerated pursuant to the Indenture, or when an Event of Default as defined in paragraphs A, B, D, E, F, G or I of Section 10.01 of the Indenture attached hereto in Appendix C has occurred and is continuing.

Mandatory Redemption or Mandatory Purchase

Mandatory Redemption on Determination of Taxability. The Series 1986 Bonds shall be subject to mandatory redemption prior to maturity at any time, as a whole, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date, without premium, in the event that it is finally determined by the Internal Revenue Service (or its successor) or by a court of competent jurisdiction that, as a result of the failure by the Hospital to observe a covenant, agreement, representation or warranty in the Agreement, the interest payable on the Series 1986 Bonds has become includable for Federal income tax purposes in the gross income of any holder of the Series 1986 Bonds; provided, that, if redemption of less than all of the Series 1986 Bonds will preserve the tax-exempt status of interest payable on the remaining Series 1986 Bonds (as evidenced by an opinion of Bond Counsel delivered to the Trustee), then only such amount as Bond Counsel notifies the Trustee in writing will accomplish such preservation need be redeemed, the Series 1986 Bonds to be redeemed to be selected by lot or as otherwise specified in the determination. Any such determination will not be considered final for this purpose unless the Hospital has been given written notice of such proceeding, and, if it so desires, has been afforded the opportunity to contest the same, either directly or in the name of any holder of a Series 1986 Bond, and until the conclusion of any appellate review, if sought. Any such redemption shall be made not later than 180 days from the date of such final determination. If such redemption shall occur in accordance with the terms of the Indenture, then such failure by the Hospital to observe such covenant, agreement or representation in the Agreement shall not in and of itself constitute an Event of Default under the Agreement or the Indenture.

If the Trustee, the Hospital or the County receives written notice from any Series 1986 Bondholder stating to the effect that (i) the Series 1986 Bondholder has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Series 1986 Bond in the gross income of such Series 1986 Bondholder, which the Trustee determines, based upon an opinion of Bond Counsel, may lead to a final determination for any of the reasons described in paragraph 13 of the form of the Series 1986 Bonds attached to the Indenture as Exhibit A or any other proceeding has been instituted against such Series 1986 Bondholder which may lead to a final determination as described in paragraph 13 of the form of the Series 1986 Bonds attached to the Indenture as Exhibit A, and (ii) such Series 1986 Bondholder will afford the Hospital the opportunity to contest the same, either directly or in the name of the Series 1986 Bondholder, and until a conclusion of any appellate review, if sought, then the party receiving such notice shall promptly give notice thereof to the Hospital, the Trustee and the County and the Trustee shall thereafter promptly give notice to the holder of each Series 1986 Bond Outstanding. If a final determination thereafter occurs, the Trustee shall make demand for payments from the Hospital, under the Agreement in respect of the necessary redemption price and shall give notice of the redemption of the appropriate amount of Series 1986

Bonds, the redemption date to be no later than the date specified in the form of the Series 1986 Bonds attached to the Indenture as Exhibit A. In the event the Series 1986 Bonds are to be redeemed in part, the Trustee is entitled to an opinion of Bond Counsel that such partial redemption will preserve the tax-exempt status of interest on the remaining Series 1986 Bonds as a prerequisite to such partial redemption.

Mandatory Redemption or Purchase on Effective Date of Fixed Interest Rate. The Series 1986 Bonds shall be subject to mandatory redemption or purchase at 100% of the principal amount thereof, without premium, on the effective date of the Fixed Rate established pursuant to the Indenture provided that there shall not be so redeemed or purchased Series 1986 Bonds or portion thereof in Authorized Denomination with respect to which the holders thereof have elected to waive redemption or purchase in accordance with the Indenture and Series 1986 Bonds issued in exchange for or upon registration of transfer of such Series 1986 Bonds or portions thereof.

Mandatory Redemption or Purchase for Failure to Provide Alternate Credit Facility. The Series 1986 Bonds shall be subject to mandatory redemption or purchase at 100% of the principal amount thereof, without premium, on the Interest Payment Date immediately preceding the date of expiration of the then current Credit Facility, if any, unless an Alternate Credit Facility has been provided in accordance with the Indenture, provided that there shall not be so redeemed or purchased Series 1986 Bonds or portions thereof in Authorized Denominations with respect to which the holders thereof have elected to waive redemption or purchase, and Series 1986 Bonds issued in exchange for or upon registration of transfer of such Series 1986 Bonds or portions thereof.

Mandatory Sinking Fund Redemption. There shall be applied from amounts on deposit in the Bond Fund the following amounts to the redemption by lot on August 1 in each of the years 1992 to 2016, inclusive, of Series 1986 Bonds at a redemption price of 100% of the principal amount thereof, plus interest accrued to the redemption date:

<u>Years</u> <u>(August 1)</u>	<u>Amount Per Year*</u>
2004	\$ 600,000
2005	900,000
2006	900,000
2007	1,000,000
2008	1,100,000
2009	1,100,000
2010	1,200,000
2011	1,300,000
2012	1,400,000
2013	1,500,000
2014	1,500,000
2015	1,700,000
2016**	1,800,000

** Final Maturity

In the event that any Series 1986 Bonds are redeemed (otherwise than through the operation of the Sinking Fund Redemption) or are purchased and delivered to the Trustee for cancellation, the Trustee shall cause the Issuer to receive a credit against its Sinking Fund Redemption obligations, if any, in the aggregate principal amount of Series 1986 Bonds so redeemed, as provided in this paragraph. Subject to the limitations contained in the Agreement, the Hospital may specify the Sinking Fund Redemption installment against which such credit shall be applied and such installment shall be accordingly reduced. The Hospital shall deliver to the Trustee, on or prior to the delivery of such Series 1986 Bonds, a Hospital Certificate specifying the

*Preliminary, subject to change.

principal amount of Series 1986 Bonds and the Sinking Fund Redemption installments of the Issuer to be so credited; provided that such Certificate must be delivered at least 45 days prior to the date of the installment specified to be so credited. Concurrently with the events described above in this paragraph, the Trustee shall take such action as may be necessary to evidence the payment by the Hospital of its obligations under the Agreement in the principal amount of the Series 1986 Bonds so delivered or so credited.

Bondholder Election to Avoid Certain Mandatory Redemptions or Purchases. Regardless of whether or not the Hospital has elected to purchase Series 1986 Bonds in lieu of mandatory redemption, holders of Series 1986 Bonds called for mandatory redemption or purchase as described above under "Mandatory Redemption or Purchase on Effective Date of Fixed Interest Rate" or "Mandatory Redemption or Purchase for Failure to Provide Alternate Credit Facility" may direct the County and the Trustee not to redeem or purchase Series 1986 Bonds or portions thereof, in Authorized Denominations owned by such holders, by delivering to the Trustee at its principal corporate trust office on or prior to the fifth day preceding the date fixed for such redemption or purchase written notice containing the information required by the Indenture.

Optional Redemption

So long as the Series 1986 Bonds bear interest at a Variable Rate, the Series 1986 Bonds shall be subject to redemption at the option of the Issuer, upon not less than 30 days' prior written direction of the Hospital to the County and the Trustee, on any Interest Payment Date, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest.

Notice of Redemption or Purchase

The Trustee shall cause notice of the redemption or purchase to be given not more than 30 days and not less than 10 days prior to the redemption or purchase date by mailing a copy of all notices of redemption or purchase by first class mail, postage prepaid, to all registered owners of Series 1986 Bonds to be redeemed or purchased at their registered addresses. Failure to mail any such notice or defect in the mailing thereof in respect of any Series 1986 Bond shall not affect the validity of the redemption or purchase of any other Series 1986 Bond. Any such notice shall specify the redemption or purchase date and the redemption or purchase price and when any interest accrued to the redemption or purchase date will be payable, and shall state that on the redemption or purchase date the redemption or purchase price of the Series 1986 Bonds called for redemption or purchase will be payable at the principal corporate trust office of the Trustee and, in the case of Series 1986 Bonds to be redeemed, that from that date interest will cease to accrue.

With respect to any notice of redemption or purchase of Series 1986 Bonds described above under "Mandatory Redemption or Purchase on Effective Date of Fixed Interest Rate" or "Mandatory Redemption or Purchase for Failure to Provide Alternate Credit Facility" such notice shall also (i) specify the date of the expiration of the term of the Credit Facility and state that such expiration may result in reduction or permanent withdrawal of Moody's or S&P's ratings of the Series 1986 Bonds from those which then prevail and (ii) state that, unless an owner of Series 1986 Bonds elects not to have his Series 1986 Bonds redeemed, the Series 1986 Bonds shall be subject to mandatory redemption or purchase on the redemption or purchase date.

SECURITY FOR THE SERIES 1986 BONDS

Limited Obligation

The Series 1986 Bonds are special and limited obligations of the County. No covenant or agreement in the Series 1986 Bonds or in the Indenture and no obligation therein imposed upon the County and no breach thereof shall constitute or give rise to or impose upon the County a general liability or charge upon its general credit or property other than the trust estate created by the Indenture. The County has no power at any time or in any manner to pledge the faith and credit or taxing power of the County, the County, the

State of Florida, or any other political subdivision thereof to the payment of the principal of, premium, if any, or interest on the Series 1986 Bonds, nor shall any of the obligations of the County be deemed to be obligations of the State of Florida or any other political subdivision thereof, nor shall the County, the State of Florida, or any other political subdivision thereof be liable for the payment of the principal of, premium, if any, or interest on the Series 1986 Bonds.

The Agreement

Pursuant to the Agreement, the Hospital agrees, among other things, to make loan payments to the County in such amounts and at such times as will be sufficient to pay, when due, the purchase price, principal of, premium, if any, and interest on the Series 1986 Bonds. See the copy of the Agreement attached hereto as Appendix C.

The Indenture

Pursuant to the Indenture, the County has assigned to the Trustee as security for repayment of the Series 1986 Bonds the following:

- (a) All right, title and interest of the County in and to the Revenues; and
- (b) All rights and interest of the County under the Agreement (except for certain rights retained by the County, including the County's rights to indemnification and payment of its expenses) and the Series 1986 Note, including the right to receive payments from the Hospital

The Series 1986 Note

To secure its obligations under the Agreement, the Hospital will issue and deliver the Series 1986 Note pursuant to the Master Indenture in the principal amount of \$_____* to the County for assignment to the Trustee pursuant to the Indenture. The Series 1986 Note will be payable in the same amounts and at the same times as the loan payments are due under the Agreement, and such payments on the Series 1986 Note will constitute payment under the Agreement.

The Series 1986 Note is secured on an equal and ratable basis under the Master Indenture with the Series 1986A Note, the Series 1992 Note and any other Master Notes which may be issued from time to time by a security interest in the Pledged Assets.

The Master Indenture

The Obligated Group. The Obligated Group presently includes the Hospital, the System and the Foundation. The Master Indenture provides that Affiliates or successor corporations may become members of the Obligated Group provided certain tests are met. See "SUMMARY OF MASTER INDENTURE" in Appendix D hereto for a summary of the conditions which must be met for the addition of members to the Obligated Group and for the withdrawal of such members, including the Hospital, from the Obligated Group. The Master Indenture permits the Hospital and other members of the Obligated Group to issue Master Notes in addition to the Series 1986 Notes and the Series 1986 Note and to secure all Notes on a parity with one another. The Series 1986 Note is secured on a parity with the Series 1986 Notes, to the extent Outstanding, and with any Master Notes subsequently issued pursuant to the Master Indenture by a security interest in Gross Revenues as described below. All members of the Obligated Group will covenant to jointly and

*Preliminary, subject to change.

severally guarantee payment of each Note issued under the Master Indenture. At the present time the Obligated Group does not intend to add any other members to the Obligated Group.

Pledged Assets. The Hospital and each member of the Obligated Group will grant to the Master Trustee a security interest, subject to Permitted Encumbrances (as such term is defined in the Reimbursement Agreement), in its Gross Revenues. The Master Indenture and the Reimbursement Agreement also allow the Hospital or other members of the Obligated Group to incur Indebtedness and to secure such Indebtedness with a Master Note. Any such Master Note would be secured on a parity with the Series 1986 Notes and the Series 1986 Notes by a security interest in the Pledged Assets. The Hospital has covenanted in the Reimbursement Agreement, and pursuant to the provisions of the Master Indenture each other member of the Obligated Group has covenanted, not to create any Lien upon the Pledged Assets, now owned or hereafter acquired by it, other than Permitted Encumbrances.

The Series 1992 Bonds

The Series 1992 Bonds will be secured solely by the trust estate created under the terms of the 1992 Indenture, including payments made pursuant to the Series 1992 Note. THE ALTERNATE CREDIT FACILITY ISSUED BY THE ALTERNATE CREDIT FACILITY ISSUER WILL NOT SECURE THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 1992 BONDS. Payment of the Series 1992 Note will be secured on a parity with the Series 1986 Notes.

RATING

Moody's Investors Service has assigned a rating to the Series 1986 Bonds of " " on the basis of the issuance of the Alternate Credit Facility. Such rating reflects only the view of such rating agency at the time such rating was given, and neither the County, the Hospital nor the Remarketing Agent make any representations as to the appropriateness of such ratings. Any explanation of the significance of the rating may only be obtained from Moody's Investors Service. There is no assurance that such ratings will remain for any given period of time or that they may not be lowered or withdrawn entirely if in the judgment of that rating agency, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 1986 Bonds.

LEGAL MATTERS

The Series 1986 Bonds were authorized by resolution of the County. The Series 1986 Bonds and the proceedings under which they were authorized and issued were approved as to legality by Ballard, Spahr, Andrews & Ingersoll and Meredith, Dobson, Ready, Reynolds, Conn & Joyce, P.A., Co-Bond Counsel, whose approving opinion was delivered with the Series 1986 Bonds on August 14, 1986 and is attached hereto in Appendix E. A subsequent opinion of Ballard, Spahr, Andrews & Ingersoll is also attached hereto in Appendix E. Certain legal matters were passed upon for the Hospital by its counsel, Upchurch, Bailey & Upchurch. In connection with the issuance of the Series 1986 Notes, certain matters will be passed upon for the Hospital and the other members of the Obligated Group by their counsel, Upchurch, Bailey & Upchurch and Kilpatrick & Cody. In connection with the substitution of the Alternate Credit Facility for the current letter of credit, certain matters will be passed upon for the Alternate Credit Facility Issuer by its counsel, Chapman & Cutler, and by Foley & Lardner, Bond Counsel.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Master Trustee or the County or the owners of the Series 1986 Bonds upon an event of default under the Indenture, the Agreement, the Master Indenture or the Alternate Credit Facility are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including

specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture, the Agreement and the Master Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 1986 Bonds, the Indenture and the Agreement and the various legal opinions to be delivered concurrently with the delivery of the Master Indenture, the Series 1986 Notes and the Alternate Credit Facility will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

TAX STATUS

In the opinion of Ballard, Spahr, Andrews & Ingersoll and Meredith, Dobson, Ready, Reynolds, Conn & Joyce, P.A., Co-Bond Counsel, rendered on the date of issuance of the Series 1986 Bonds, interest on the Series 1986 Bonds was exempt from Federal income tax as enacted and construed on the date thereof. See Appendix E attached hereto.

Foley & Lardner has acted as Bond Counsel in connection with (i) the delivery of the Alternate Credit Facility and (ii) the execution and delivery of the Third Supplemental Trust Indenture dated as of August 1, 1992, between the County and the Trustee (the "Supplemental Agreement"). Foley & Lardner will render an opinion in connection with the delivery of the Alternate Credit Facility and the execution and delivery of the Supplemental Indenture and the Supplemental Agreement. The proposed form of this opinion is included in Appendix E attached hereto.

The opinion of Foley & Lardner is limited to the legal effect of the amendments to the Indenture, the Agreement and the Series 1986 Bonds made pursuant to the Supplemental Indenture and Supplemental Agreement and the substitution of the Alternate Credit Facility. The amendments to the Indenture, the Agreement and the Series 1986 Bonds made pursuant to the Supplemental Indenture and Supplemental Agreement will be treated as resulting in a deemed exchange of the Series 1986 Bonds for new obligations (the "Deemed Refunding Bonds") for federal income tax purposes. This deemed exchange may result in the recognition of gain or loss for federal income tax purposes to any Bondholder that owned the Series 1986 Bonds prior to August 13, 1992. Any such Bondholders should consult their tax specialists for information in that regard. The Deemed Refunding Bonds will be treated for federal income tax purposes as currently refunding the Series 1986 Bonds. In the opinion of Foley & Lardner the execution and delivery of the Supplemental Indenture and the Supplemental Agreement and the substitution of the Alternate Credit Facility will not, in and of themselves, adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Series 1986 Bonds (as the Deemed Refunding Bonds).

Foley & Lardner has not been requested to undertake, and has not undertaken, any investigation of facts, circumstances or expectations subsequent to the date of issuance of the Series 1986 Bonds with respect to the exclusion of interest on the Series 1986 Bonds from gross income for federal income tax purposes, in order to make a determination that interest on the Series 1986 Bonds remains excludable from gross income for federal income tax purposes. The opinion of Foley & Lardner to be delivered in connection with the execution and delivery of the Supplemental Indenture and Supplemental Agreement and the substitution of the Alternate Credit Facility will not express an opinion as to whether or not the interest on the Series 1986 Bonds has remained or is currently excluded from the gross income of the owners thereof for federal income tax purposes nor any opinion with regard to any other tax consequences resulting from ownership of the Series 1986 Bonds.

LITIGATION

There is no controversy of any nature now pending against the County or the Hospital or, to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the remarketing of the Series 1986 Bonds or in any way contesting or affecting the validity of the Series 1986 Bonds or any proceedings of the County or the Hospital taken with respect to the original issuance thereof, or the pledge or application

of any moneys or security provided for the payment of the Series 1986 Bonds or the use of the Series 1986 Bond proceeds.

EXPERTS

The consolidated financial statements of the System and its subsidiaries included in Appendix B to this Remarketing Circular have been audited by KPMG Peat Marwick, independent auditors for the periods indicated in their report. The financial statements audited by KPMG Peat Marwick have been included herein in reliance upon their reports given on their authority as experts in accounting and auditing.

MISCELLANEOUS

So far as any statements made in this Remarketing Circular or in the Appendices hereto involve matters of opinion, projections or of estimates, whether or not expressly stated, they are set forth as such and not as representations of facts. No representation is made that any of the statements will be realized. Neither this Remarketing Circular nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Series 1986 Bonds.

Management of the Hospital and the other members of the Obligated Group have reviewed the information herein and have approved this Remarketing Circular. The County has authorized and approved the distribution of this Remarketing Circular.

ST. JOHNS COUNTY, FLORIDA

By /s/ _____
Chairman

FLAGLER HOSPITAL, INC.

By /s/ _____
President

FLAGLER HEALTH CARE FOUNDATION, INC.

By /s/ _____
President

FLAGLER HEALTH CARE SYSTEM, INC.

By /s/ _____
President

APPENDIX A

THE OBLIGATED GROUP

Members

The current members of the Obligated Group are Flagler Hospital, Inc. (the "Hospital"), Flagler Health Care System, Inc. (the "System"), and Flagler Health Care Foundation, Inc. (the "Foundation"). Affiliates which are not members of the Obligated Group and corporations that are successor corporations to any member of the Obligated Group may become members of the Obligated Group under the conditions described in "SUMMARIES OF PRINCIPAL DOCUMENTS -- The Master Indenture."

The Hospital, a not-for-profit corporation organized and existing under the laws of the State of Florida, currently owns and operates a 115 bed acute care general hospital known as Flagler Hospital (the Flagler East Campus Facility") located at 400 Health Park Boulevard in St. Johns County, Florida (the "Health Park Campus") and a 115 bed acute care general hospital now known as Flagler West (the "West Campus Facility" and, together with the Flagler East Campus Facility, the "Facilities") located at 1955 US 1 South in St. Johns County, Florida (the "West Campus"). See "FLAGLER HOSPITAL, INC. -- The Facilities" below. The Hospital is in the process of submitting a Certificate of Need application to combine the licenses of the two Facilities under the name of Flagler Hospital.

The System, a not-for-profit corporation, is the parent corporation of the Hospital, the Foundation and Flagler Health Services, Inc.

The Foundation, a not-for-profit corporation, was established to act as a fund raising vehicle and has acted as the developer of the Health Park Campus. It currently holds title to approximately 30 acres of undeveloped campus property and leases an additional two acres to Flagler Health Services, Inc. for office building sites.

Corporate Organization

In 1984, the System was formed as part of a corporate reorganization and became a holding company of the Hospital, the Foundation and other affiliates. The System is the sole member of the Hospital, the Foundation and the other affiliates. The other principal affiliate is Flagler Health Services, Inc., a for-profit corporation, which was established as a vehicle for joint-venture enterprises or other activities best accomplished by an entity other than a not-for-profit corporation. Flagler Health Services, Inc. currently has an ownership interest in two medical office buildings and a third building under construction which will house a physician-owned walk-in clinic and office space.

Governance

Acting through its Board of Trustees, the System is responsible for appointing the Boards of the subsidiary corporations, including that of the Hospital. As sole member of the Hospital and the other subsidiary corporations, the System reserves certain powers. For example, the Hospital Board of Trustees and the Foundation Board of Trustees must have the approval of the System for the adoption of the annual operating expense and capital budgets and for the adoption of modification of any long range plan. The System also must approve any transaction obligating the Hospital in excess of \$500,000, any sale of all or substantially all of the Hospital's assets, any merger or acquisition of another corporation, and dissolution of the Hospital. The System must also approve any amendments to the Articles of Incorporation or By-laws of the Hospital and the Foundation.

The current members of the System's Board of Trustees, their initial year of appointment and their principal business affiliation are as follows:

<u>Member</u>	<u>Year Appointed</u>	<u>Business Affiliation</u>
Margaret Ann Edmiston	1989	C.P.A.
Robert Dawson	1985	President, Florida School for the Deaf and Blind
David Drysdale	1987	Chief Executive Officer, St. Augustine Alligator Farm
Phillip Horn, M.D.	1990	Pediatrician, Chief of Staff
Warren Kluger, M.D.	1987	Surgeon
Wen Lin, M.D.	1986	Urologist
Otis Mason	1990	Superintendent of St. Johns County School Board
George McClure	1990	Attorney
Reuben Plant, M.D.	1991	Physician (Family Practice)
Darrell Poli	1987	Owner, Marine Oil Supply
William Proctor, Ph.D.	1986	President, Flagler College
William Rose	1985	President, McClain & Rose Engineering Consulting
Tracy Upchurch	1986	Attorney
William Young	1984	President, Barnett Bank of the St. Johns

Summary of Revenues and Expenses

The following is a summary of the revenues and expenses of the System and its subsidiaries for the fiscal years ended September 30, 1990 and 1991. This summary of revenues and expenses has been compiled by management from consolidated financial statements audited by KPMG Peat Marwick, independent certified public accountants, whose report for the years ended September 30, 1990 and 1991 appear in Appendix B. This summary should be read in conjunction with the audited financial statements included in Appendix B.

Consolidated Summary of Revenues and Expenses Flagler Health Care System, Inc. and Subsidiaries

	<u>Fiscal Years Ended September 30</u>	
	<u>1990</u>	<u>1991</u>
Net patient service revenue	\$27,915,738	\$32,157,454
Other revenue	<u>367,576</u>	<u>1,570,755</u>
Total revenue	<u>28,283,314</u>	<u>33,728,209</u>
Expenses:		
Professional care of patients	13,698,979	15,309,505
General and administrative	3,363,296	3,476,042
Employee health and welfare	1,965,616	2,601,242
Provision for uncollectible accounts	2,503,421	3,500,520
Depreciation and amortization	2,144,254	2,384,244
Interest	1,801,105	1,657,238
Other	<u>2,411,053</u>	<u>2,543,884</u>
Total expenses	<u>27,887,724</u>	<u>31,472,675</u>
Income from operations	395,590	2,255,534
Nonoperating gains, net	<u>746,404</u>	<u>1,134,322</u>
Excess of revenues and gains over expenses	\$ <u>1,141,994</u>	\$ <u>3,389,856</u>

FLAGLER HOSPITAL, INC.

Background and History

The Hospital has owned and operated a hospital facility in St. Augustine, Florida for over a century. Originally opened as Alicia Hospital on March 1, 1890, the hospital's name was changed in 1905 to Flagler Hospital. In 1989 the hospital was moved from its downtown St. Augustine location to a new 73 acre Health Park, the current location of the Flagler East Campus Facility. In 1991, the Hospital purchased St. Augustine General Hospital, which is located less than one mile west of the East Campus Facility, and renamed it Flagler West.

As described in the Official Statement under the caption "PLAN OF FINANCING", a portion of the proceeds of the Series 1992 Bonds will be used to reimburse the Hospital for the cost of acquiring the West Campus Facility.

Governance

The Hospital's Board of Trustees is appointed by the System. The current members of the Hospital's Board of Trustees, their initial year of appointment and their principal business affiliation are as follows:

<u>Member</u>	<u>Year Appointed</u>	<u>Business Affiliation</u>
William Rose, Chairman	1989	Owner, McClain & Rose Engineering Consulting
David Drysdale	1987	Owner, St. Augustine Alligator Farm
Greer Edmiston	1992	C.P.A., Owner of Accounting Firm
Dale Ingram, M.D.	1991	Orthopedic Surgeon
Jane Mathis	1990	Civic Leader
Darrell Poli	1992	Owner, Marine Supply Business
Michael Sanders, M.D.	1992	Family Practice Physician
Dail Taylor	1990	C.P.A.
Doug Wiles	1992	Insurance Executive

Management

The day-to-day operation of the Hospital is managed by the Hospital's President and Chief Executive Officer, assisted by a Senior Vice President, a Vice President for Finance and a Vice President for Nursing. Biographical information for the holders of these positions follows:

James D. Conzemius, President and Chief Executive Officer. Mr. Conzemius, age 52, has been President and Chief Executive Officer since 1980. Prior to that time, he served as Assistant Administrator at the Hospital for 12 years. Mr. Conzemius holds a B.S. and an M.B.A. degree from the University of Florida, Gainesville, Florida. He currently holds an appointment from the Governor to serve on the Advisory Board of the Correctional Medical Authority, and has held extensive leadership positions in the Florida Hospital Association, including past membership on its Board of Directors. Additionally, Mr. Conzemius is currently serving on the boards of various civic groups.

Joseph S. Gordy, Senior Vice President. Mr. Gordy, age 39, has been Senior Vice President at the Hospital since 1989. From 1981 to 1989, Mr. Gordy held the position of Vice President at the Hospital. Prior to 1981 Mr. Gordy held the post of Administrator at Ed Fraser Memorial Hospital and Baker County Nursing Home, McClenny, Florida. Mr. Gordy holds a B.A. degree magna cum laude from Boston

University, Boston, Massachusetts and a M.H.A. degree in Health Care Administration from the George Washington University, Washington, D.C. Mr. Gordy has served on various committees of the Florida Hospital Association and the boards of various local civic groups. He is currently the Chairman of the St. Augustine Planning and Zoning Board. Mr. Gordy is a member of the American College of Healthcare Executives.

Lynda I. Kirker, Vice President of Finance. Miss Kirker, age 40, has been Vice President of Finance at the Hospital since 1987. Prior to joining the Hospital, Miss Kirker was a principal in the national accounting firm of Arthur Young. During the period 1974 through 1983 and 1984 through 1986, Miss Kirker worked in public accounting with a regional accounting firm as a member of their health care staff. From 1983 through 1984, Miss Kirker worked as an independent consultant to Medicare Part A (Blue Cross/Blue Shield of Florida). Miss Kirker holds a B.B.A. degree from Stetson University and is a Certified Public Accountant. She is a member of the Florida and American Institutes of Certified Public Accountants and the Healthcare Financial Management Association. Miss Kirker has served on committees of the Florida Hospital Association and the Health Care Financial Management Association.

Barbara Drummond-Huth, R.N., Vice President of Nursing. Mrs. Drummond-Huth, age 46, has been Vice President of Nursing since 1980. Prior to that time, she was in nursing management at the Hospital for 8 years. Mrs. Drummond-Huth has a B.S.N. degree and a M.S. degree in Health Administration from the University of North Florida, Jacksonville, Florida. Mrs. Drummond-Huth is a past President of the Florida Organization of Nurse Executives and the Northeast Florida Association of Nurse Executives. She has served on committees of the American Organization of Nurse Executives. She was named Nurse Executive of the Year in 1989 by the Florida Organization of Nurse Executives and 1991 Flagler County Woman of the Year. She is involved in various community and church groups.

Facilities

The Flagler East Campus Facility is a 115 bed hospital which was constructed in 1989. It consists of two interconnected buildings, a three-story patient tower and a two-story diagnostic building which together comprise approximately 140,000 gross square feet.

The West Campus Facility contains a 115 bed, one-story hospital building of approximately 100,000 gross square feet which was constructed in 1974. Cosmetic interior and exterior renovations were completed in 1990. Replacement of dated components of the HVAC system is contemplated in the 1991-1992 fiscal year capital budget. As an integral part of the building, three wings are constructed to serve as medical offices. There are currently 14 offices with an occupancy rate of 93%. In addition, a fourth wing was renovated in 1989 to serve as an out-patient diagnostic testing facility.

In addition to the Flagler East Campus Facility described above, the following facilities are located within the Health Park Campus:

(1) The Anderson-Gibbs office building is a three-story structure of approximately 40,000 gross square feet which was constructed in 1989. The first floor of this building is utilized for Hospital administrative activities with the exception of two leased spaces used for a retail pharmacy and a physician's office space. The upper two floors of this building contain eleven offices with a 100% occupancy rate and three spaces used for Hospital-related activities.

(2) The Jakadofsky building is a two-story structure of approximately 30,000 gross square feet which was constructed in 1989. This building houses eight offices and three spaces used for Hospital-related activities with a 100% occupancy rate. Construction is currently in progress which will allow for the removal of two of the Hospital spaces and the creation of two physician office spaces for which tenant commitments have been obtained.

(3) A building serving as the carpentry shop and as a garage facility for the groundskeeping activities.

An 11,000 square foot building is currently under construction within the Health Park Campus which will house a physician-owned walk-in clinic, two physician office spaces and a cardiac rehabilitation program. The estimated completion date is July, 1992.

Recent inspections by the Florida Department of Health and Rehabilitative Services and by the Joint Commission on Accreditation of Healthcare Organizations produced no life safety or other physical plant deficiencies which must be corrected at either campus.

Patient Care and Special Services

In-patient care is supported by ten departments: internal medicine, family medicine, emergency medicine, radiology and nuclear medicine, pathology, anesthesiology, orthopedics, pediatrics, obstetrics and gynecology and surgery (including dental, ophthalmology, urological and general surgery).

The Hospital's specialized diagnostic services include computerized tomography scanning (CAT scan), nuclear cardiology testing, ultrasound, magnetic resonance imaging (MRI), surgery services including laser surgery, out-patient surgery and respirator, pulmonary and cardiac medicine. Cardiac catheterization service is currently being added and will be in full operation by the fall of 1992.

The total bed complement of the Facilities is classified by services as follows:

<u>Bed Category</u>	Total Bed Complement	
	<u>Health Park (East) Campus Facility Licensed Beds</u>	<u>West Campus Facility Licensed Beds</u>
Adult Medical/Surgical	44	85
Telemetry/Progressive Care		
Intermediate Critical Care	43	22
Intensive Care	12	8
Pediatric	8	-
Obstetrical	8	-
Total licensed beds	<u>115⁽¹⁾</u>	<u>115</u>

⁽¹⁾ 10 Nursery Bassinets are not separately licensed by the State of Florida.
Source: Hospital management.

Medical Staff

The Hospital's Medical Staff, as of May 1, 1992, consisted of 71 physicians on the Active Staff, 8 physicians on the Provisional Active Staff and 30 physicians on the Consulting Staff. In addition, there are eight members of the Dental Staff and four members of the Podiatric Staff with admitting privileges.

Physicians must be Board Certified, Board Qualified or Board Eligible to be considered for membership on the Active Staff. In addition, Active Staff members must maintain their principal place of residence within fifteen miles of the Facilities and, effective January 1, 1993, must maintain at least \$250,000 in professional liability insurance. Active Staff members have the authority to admit and treat patients within the scope of their privileges.

All new appointments to the Active Staff are provisional for a six month period. Members of the Provisional Active Staff have the same rights and responsibilities as Active Staff members, but may not vote

or hold office in the Medical Staff organization. Members of the Provisional Active Staff are subject to a review of the quality of their performance prior to being advanced to Active Staff status.

Consulting Staff members must meet the same requirements as Active Staff members with the exception of the residency requirement. Privileges are restricted to giving a consultation report at the request of an Active Staff member. Consulting Staff members may not admit patients to the Facilities or perform outpatient surgery unless they provide a service not otherwise available.

Dentists and Podiatrists may admit and treat patients in the Facilities with a co-admitting member of the Active Staff. Local residency and Board Certification or Eligibility are requirements for membership on the Dental and Podiatry Staffs.

Hospital management believes that the size of its current Medical Staff, as well as the specialties represented, are adequate for its operations, and that no significant shortage of physicians or specialties exist.

The following table sets forth the distribution of the Active and Active Provisional Medical Staff on May 1, 1992 by department, number, average age, number of board certified, percentage of board certification.

Active and Active Provisional Staff by Specialty

	<u>Active and Active Provisional</u>	<u>Average Age</u>	<u>Number Board Certified</u>	<u>Percentage Board Certified</u>
Anesthesiology	4	55	2	50%
Dermatology	1	52	1	100
Emergency Medicine	3	40	1	33
Family Practice	13	52	10	77
Gastroenterology	2	36	2	100
General Internal Medicine	8	43	6	75
General Surgery	7	51	5	71
Hematology/Oncology	1	37	1	100
Internal Medicine/ Cardiology	2	45	1	50
Internal Medicine/ Pulmonology	2	38	1	50
Neurology	1	52	1	100
Obstetrics/Gynecology	8	49	6	75
Ophthalmology	6	49	6	100
Orthopedics	3	52	3	100
Otorhinolaryngology	2	48	2	100
Pathology	2	56	2	100
Pediatrics	4	47	2	50
Plastic	1	38	1	100
Radiation Therapy	1	70	1	100
Radiology	6	41	6	100
Urology	<u>2</u>	<u>48</u>	<u>2</u>	<u>100</u>
Total Active and Provisional Staff	<u>79</u>	<u>48</u>	<u>62</u>	<u>78.48%</u>

Source: Hospital management.

For the year ended September 30, 1991, the top ten physicians on the Active Staff of the Flagler East Campus Facility and on the Active Staff of St. Augustine General Hospital prior to its acquisition by the Hospital accounted for approximately 43% of total Hospital discharges (excluding newborns) in the Facilities, as shown in the following table:

Discharges by Top Ten Physicians

<u>Physician Specialty</u>	<u>Age</u>	<u>Number of Discharges</u>
Internal Medicine	41	501
Obstetrics/Gynecology	53	364
Internal Medicine	38	311
Family Practice	40	238
Family Practice	37	226
Internal Medicine	54	219
Pulmonology	40	215
General Surgery	46	212
General Surgery	57	206
General Surgery	52	205

Source: Hospital management.

Nursing

Nursing services are delivered through a decentralized organizational structure. Patients receive nursing services from staff nurses who are accountable to Nurse Managers and Head Nurses. Nurse Managers and Head Nurses are responsible on a twenty-four hour basis for the overall management of their individual patient care unit. There is also a nursing supervisor on duty each shift to coordinate activities. The Vice President of Nursing is directly responsible to the Hospital President.

The Hospital's nursing philosophy is to provide the highest quality nursing care to its patients. All patients are assessed by a registered nurse upon admission and assessments are continued daily. There is a nursing care plan for each patient and coordination with other allied health care professionals in discharge planning.

As of May 31, 1992, there were 362 FTE's. These include registered nurses, licensed practical nurses, nurses aides, unit secretaries, monitor technicians, scrub technicians and administrative nurses.

Care is delivered using a modified, primary, team and functional nursing approach, depending upon the needs of the particular patient and the availability of staff. The staffing pattern is reviewed every eight hours and adjusted accordingly.

In addition, the Hospital uses a patient acuity system to help allocate nursing resources. This system determines nursing care needs by using a measurable numerical form to quantify the amount of time needed to provide nursing care to all patients even though their individual requirements may vary widely. The patient acuity system indicates concurrently, as well as prospectively, when additional nursing staff may be required.

The 1991 nursing turnover rate was approximately 18%. As of May 31, 1992, the nursing vacancy rate was 3%, with vacancies located in the intensive care and progressive care units.

The Hospital uses a flexible staffing and scheduling approach to adjust to fluctuations in the number of inpatients. The Hospital has a PRN pool which helps with staffing during times of high patient census.

Employees

As of May 31, 1992, the Hospital had approximately 975 employees (764 FTE's) on its payroll. Approximately 73% of employees are full time and approximately 27% are part time. The Hospital also retains approximately 210 employees who work on an as-needed basis (the PRN pool). This group works as staffing needs require. This flexibility gives management greater control over labor costs. The largest group of PRN employees is nurses. The Hospital does not use agency nurses, instead using the PRN staff. Staff is generally recruited locally.

The Hospital's average FTE per adjusted occupied bed was 4.02 as of May 31, 1992.

Currently, the Hospital's pension plan is fully funded.

None of the Hospital's employees are represented by unions and Hospital management is not aware of any union organization activities. Hospital management believes that its employee relations are generally good.

The Hospital has never been cited by the United States Department of Labor for violations of the Occupational Safety and Health Act.

Volunteer Services

The Flagler Hospital Auxiliary has approximately 400 members. The Auxiliary manages a hospital gift shop at the Flagler East Campus Facility and offers breakfast and snacks in the cafeteria at the West Campus Facility. The Auxiliary sponsors other fund raising activities to benefit the Hospital and the Auxiliary's scholarship fund. The members of the Auxiliary also sponsor Flagler Hospital's Lifeline Program, a personal emergency response system. In 1991 the volunteers provided over 42,000 hours of service to the Hospital. These services include staffing information desks, patient transportation, patient assistance and sorting mail. Auxilians also provide assistance in admissions, radiology, cardiology, intensive care and the newborn nursery.

Community Programs

The Hospital provides health programs to the community including Stop Smoking Clinics, Jogging Clinics, a Wellness Walk, aerobics classes and seminars on varied topics such as asthma, back problems and foot disorders. A Health Fair is sponsored by the Hospital each year with free testing offered to the public. The Health Screening Department provides employee medical examinations to area employers.

Licensure, Accreditation and Memberships

The Flagler East Campus Facility and the West Campus Facility are each licensed by the Florida Department of Health and Rehabilitative Services. Each Facility holds various sub-licenses from the same agency for clinical laboratories, blood gas laboratories, pharmacies and for the use of radioactive material. For purposes of Medicare and Medicaid certification and for accreditation, the two Facilities are considered a single entity. The Hospital is fully accredited through May of 1994 by the Joint Commission on Accreditation of Healthcare Organizations and is certified for both Medicare and Medicaid. The Hospital is a member of the American Hospital Association, the Florida Hospital Association and the Florida Association of Voluntary Hospitals.

Teaching Affiliations

The Hospital serves as the site for clinical training for the St. Johns County Vocational Technical Center Licensed Practical Nurse and Certified Nurse Aid training programs. The Hospital has also been affiliated with Santa Fe Community College, Gainesville, Florida for the training of cardiopulmonary technologists.

Primary Service Area

Hospital management considers the Hospital's Primary Service Area, which provided 85% of the Hospital's discharges during the fiscal year ended September 30, 1990, to be St. Augustine, Florida and St. Johns County, Florida (excluding the northeast area known as Ponte Vedra) and the northern portion of adjacent Flagler County.

The population of St. Johns County and Flagler County was estimated at 86,118 and 30,465, respectively, as of April 1, 1991 according to Population Studies published by the Bureau of Economic and Business Research, the University of Florida. According to the Bureau of the Census, the population for these counties was:

	<u>1980</u>	<u>1990</u>	<u>% Growth</u>
St. Johns County	51,303	83,829	63.4
Flagler County	10,913	28,701	163.0

This compares with the 32.7% rate of population growth in the same years for the State of Florida.

Tourism is considered a major industry in St. Johns County with St. Augustine being the nation's oldest city. Farming and agriculture are also important factors in the local economy.

The eight largest industrial employers in St. Johns County are:

<u>Employer</u>	<u>Number of Employees</u>
Grumman St. Augustine Corporation	1,173
VAW of America, Inc.	440
Tree of Life, Inc.	300
Luhrs Corporation	235
Ideal Division - Epicor Industries, Inc.	210
Florida East Coast Railroad	200
Tensolite Company	199
Holloway Sportswear, Inc.	110

Source: St. Augustine and St. Johns County Chamber of Commerce

According to the St. Augustine and St. Johns County Chamber of Commerce, as of March, 1992, the unemployment rate for St. Johns County was 7.1%. This compares favorably to the 8.1% unemployment rate for the State of Florida and 7.7% unemployment rate for the nation.

Competition

Since the purchase of the West Campus Facility in 1991, the Hospital owns all of the in-patient acute care medical/surgical hospital facilities in St. Johns County. The Hospital competes with hospitals in Jacksonville, Florida, located approximately 30 miles north of St. Augustine. During the fiscal year ended September 30, 1990, approximately 20% of the acute care discharges in the Primary Service Area described above sought care in Jacksonville.

Professional Liability Insurance

The Hospital is a member of the Florida Hospital Trust Fund ("FHTF"), a self-insurance risk management trust fund in which the members jointly and severally agree to pay the obligations of FHTF. Malpractice insurance coverage is on a claims-made basis with limits of \$10,000,000 per claim and/or \$10,000,000 per year in the aggregate. The Hospital is subject to assessment in the event that the total amounts of the premiums for a given year are not sufficient to satisfy claims. Premiums are adjusted annually based on the loss experience of all members. No assessments have been levied against the Hospital by FHTF as of September 30, 1991.

Prior to contracting with FHTF, the Hospital obtained excess malpractice insurance coverage from the Florida Patient's Compensation Fund.

Litigation

In the opinion of Hospital management, after consultation with legal counsel, there is no currently pending or threatened litigation wherein an unfavorable result would have a material adverse impact on the financial condition of the Hospital.

Summary of Operating and Financial Information

Historical Utilization. The following table sets forth information concerning the services provided by the Hospital (exclusive of bassinets) at the Flagler East Campus Facility and the utilization of these services during its most recent five fiscal years ended September 30, 1987 through 1991. See "FLAGLER HOSPITAL, INC. -- Acquisition of St. Augustine General Hospital -- Selected Interim Financial and Operating Information" for information concerning utilization during the eight month periods ended May 31, 1991 and 1992.

Flagler East Campus Facility Historical Utilization

	<u>Fiscal Year Ended September 30</u>				
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Licensed Beds	131	131	122	115	115
Patient Days	23,104	21,891	24,437	25,377	26,009
Discharges	3,764	3,783	3,956	4,054	4,489
Length of Stay	6.14	5.79	6.18	6.26	5.79
% Occupancy	48.3%	45.7%	55.1%	60.5%	62.0%
ER Visits	13,034	14,794	16,929	18,130	21,559
Lab Procedures	118,216	114,077	118,045	136,588	149,032
Radiology Procedures	23,096	24,243	28,839	35,998	41,701

Source: Hospital management.

Sources of Patient Service Revenues. The Hospital receives revenues for patient services through several reimbursement programs including Medicare and Medicaid, as well as through payments directly from the patients. See "INVESTMENT CONSIDERATIONS" in the Official Statement for a description of these programs and the potential impact on the Hospital's operations of changes in these programs. The following table illustrates the relative contribution of each of these payment sources to the Hospital's gross patient service revenues with respect to the Flagler East Campus Facility and a comparison of in-patient charges and out-patient charges during its three most recent fiscal years ended September 30, 1989 through 1991. See "FLAGLER HOSPITAL, INC. -- Selected Interim Financial and Operating Information" for information concerning sources of gross patient service revenues for the eight month periods ended May 31, 1991 and 1992. See "FLAGLER HOSPITAL, INC. -- Acquisition of St. Augustine General Hospital -- Selected Historical Information on St. Augustine General Hospital" for information concerning sources of gross patient service revenues at St. Augustine General Hospital prior to its acquisition by the Hospital.

**Flagler East Campus Facility
Gross Patient Service Revenue Sources**

	<u>Fiscal Year Ended September 30</u>		
	<u>1989</u>	<u>1990</u>	<u>1991</u>
Medicare	49.7%	50.3%	48.0%
Medicaid	10.3%	10.5%	12.0%
Commercial	24.3%	22.5%	22.5%
HMO/PPO	7.6%	6.8%	6.9%
Self-Pay	5.6%	6.1%	6.7%
Champus	1.1%	1.7%	1.2%
Other	1.4%	2.1%	2.7%
Inpatient Charges	72.1%	69.2%	66.1%
Outpatient Charges	27.9%	31.8%	33.9%

Source: Hospital management.

Managed Care. As of March 1, 1992, the Hospital had contracts with nineteen managed care plans. This includes thirteen plans assumed with the purchase of the West Campus Facility. Only 6 of these contracts provide a significant amount of revenue. The plans are terminable by the Hospital or the other plan on short notice. Revenue from managed care plans is approximately 8% of gross revenues as of March 31, 1992.

Indigent Care. The Florida Legislature enacted the Public Medical Assistance Act in 1984 (the "Act"). The Act mandates that all hospitals in the state be assessed an indigent assessment. Each hospital will be assessed 1.5% of annual net operating revenues for each fiscal year. The Hospital was assessed approximately \$383,593 in fiscal year 1990, \$435,012 for fiscal year 1991 and has budgeted an indigent assessment of \$729,504 for fiscal year 1992. These assessments are paid in equal installments on a quarterly basis.

Summary of Other Indebtedness. In December 1986, \$2,700,000 of bonds were issued on behalf of Coastal Health Care Investors, Ltd., a limited partnership of which Flagler Health Services, Inc. is a general partner. As of March 31, 1992, the bonds were outstanding in the principal amount of \$2,600,000. The proceeds were used to construct a professional office building. The Hospital agreed to guarantee the first \$600,000 principal amount of bonds payable.

This summary should be read in conjunction with the audited financial statements included in Appendix B.

Summary of Revenues and Expenses. The following is a summary of the revenues and expenses of the Hospital for the fiscal years ended September 30, 1987 through 1991 prior to the acquisition of the West Campus Facility. The summary of revenues and expenses for the five fiscal years ended September 30, 1991 have been compiled by management from financial statements audited by KPMG Peat Marwick, independent certified public accountants. This summary should be read in conjunction with the audited financial statements included in Appendix B. See "FLAGLER HOSPITAL, INC. -- Selected Interim and Financial Operating Information" for a summary of revenues and expenses of the Hospital for the eight month periods ended May 31, 1991 and 1992. See "FLAGLER HOSPITAL, INC. -- Acquisition of St. Augustine General Hospital -- Selected Historical Information on St. Augustine General Hospital" for certain financial information with respect to St. Augustine General Hospital prior to its acquisition by the Hospital.

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**Summary of Revenues and Expenses
Flagler Hospital, Inc.**

	Fiscal Years Ended September 30			
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1991</u>
Net patient service revenue	\$15,926,092	\$17,610,557	\$23,025,327	\$27,915,738
Other revenue	<u>188,746</u>	<u>244,613</u>	<u>295,649</u>	<u>300,400</u>
TOTAL REVENUE	<u>16,114,838</u>	<u>17,855,170</u>	<u>23,320,976</u>	<u>28,216,138</u>
				<u>\$32,157,454</u>
				<u>347,299</u>
				<u>32,504,753</u>
Expenses				
Professional care of patients	7,319,705	8,262,239	10,195,176	13,766,409
General and administrative	2,424,887	2,598,666	3,041,720	3,319,775
Employee health and welfare	1,227,269	1,225,169	1,622,784	1,965,616
Provision for uncollectible accts	1,178,414	1,258,794	1,904,239	2,501,510
Depreciation and amortization	422,331	498,086	1,221,344	2,035,568
Interest	41,665	38,410	1,063,769	1,592,680
Other	1,639,890	1,687,982	2,030,400	2,399,642
TOTAL EXPENSES	<u>14,254,161</u>	<u>15,569,346</u>	<u>21,079,432</u>	<u>27,581,200</u>
				<u>15,382,358</u>
				<u>3,307,777</u>
				<u>2,601,242</u>
				<u>3,500,520</u>
				<u>2,132,521</u>
				<u>1,376,799</u>
				<u>2,529,870</u>
				<u>30,831,087</u>
Operating Income	1,860,677	2,285,824	2,241,544	634,938
Nonoperating gains, net	<u>1,423,251</u>	<u>(426,648)</u>	<u>822,072</u>	<u>562,078</u>
				<u>1,673,666</u>
				<u>926,933</u>
EXCESS OF REVENUES AND GAINS OVER EXPENSES	<u>\$3,283,928</u>	<u>\$1,859,176</u>	<u>\$3,063,616</u>	<u>\$1,197,016</u>
				<u>\$2,600,599</u>

Acquisition of St. Augustine General Hospital

On November 1, 1991, the Hospital acquired the West Campus Facility, formerly known as St. Augustine General Hospital, from Health Trust, Inc., The Hospital Company for a purchase price of \$11,675,000. As described in the Official Statement under "PLAN OF FINANCING", a portion of the proceeds of the Series 1992 Bonds will be used to reimburse the Hospital for the cost of the acquisition of St. Augustine General Hospital.

Selected Historical Information on St. Augustine General Hospital. The following table presents certain financial and operating information for St. Augustine General Hospital for the periods noted prior to its acquisition by the Hospital. The statement of operations for the fiscal years ended August 31, 1990 and 1991 has been prepared by Hospital management from financial statements audited by Ernst & Young, independent certified public accountants.

Historical Utilization St. Augustine General Hospital					
	Fiscal Year Ended August 31				
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Licensed Beds	115	115	115	115	115
Patient Days	16,601	16,101	16,819	15,383	12,847
Discharges	2,437	2,349	2,418	2,394	1,931
Length of Stay	6.81	6.91	6.96	6.41	6.65
% Occupancy	34.7%	33.6%	37.9%	36.6%	30.6%
ER Visits	10,436	9,967	10,625	8,989	8,539
Lab Procedures	106,129	110,294	122,288	118,793	130,635
Radiology Procedures	29,032	30,848	32,158	26,006	24,458

Source: Hospital management.

Gross Patient Service Revenue Sources St. Augustine General Hospital

	Fiscal Year Ended August 31	
	<u>1990</u>	<u>1991</u>
Medicare	61.8%	60.4%
Medicaid	4.2%	4.6%
Commercial	22.9%	19.9%
HMO/PPO	2.7%	6.3%
Self-Pay	4.9%	5.5%
Champus	1.2%	1.6%
Other	2.3%	1.7%
Inpatient Charges	69.1%	69.7%
Outpatient Charges	30.9%	30.3%

Source: Hospital management.

Statement of Operations
St. Augustine General Hospital

	<u>Fiscal Year Ended August 31</u>	
	<u>1990</u>	<u>1991</u>
Net Operating Revenue	\$18,742,582	\$18,619,994
Costs and Expenses:		
Operating Expenses	15,346,969	16,010,351
Provision for bad debts	1,489,979	1,490,469
Depreciation and amortization	1,356,319	1,373,976
Interest	1,431,905	1,363,433
Management fees	<u>455,796</u>	<u>393,900</u>
Total Expenses	\$20,080,968	\$20,632,129
Operating Loss	(\$1,338,386)	(\$2,012,135)

Source: Compiled by Hospital management.

Selected Interim Financial and Operating Information

The following tables present certain financial and operating information for the Hospital for the eight months ended May 31, 1991 and 1992. As indicated, the data for the eight month period ended May 31, 1992 reflect the operation of the West Campus Facility by the Hospital since November 1, 1991. Certain financial and operating information for the Flagler East Campus Facility for the eight month period ended May 31, 1992 is also presented. The data for these periods are unaudited but, in the opinion of the management of the Hospital, includes all adjustments necessary for a fair presentation of the results of operations for these periods. Operating results for the eight months ended May 31, 1991 and 1992 are not necessarily indicative of the results that may be expected for the entire fiscal year. This summary of financial information should be read in conjunction with the audited financial statements included in Appendix B.

Interim Utilization Statistics
Flagler Hospital, Inc.

	<u>Flagler East Campus Facility Eight Months Ended May 31, 1991</u>	<u>Flagler East Campus Facility Eight Months Ended May 31, 1992</u>	<u>Combined Facilities Eight Months Ended May 31, 1992 ⁽¹⁾</u>
Licensed Beds	115	115	230
Patient Days	17,269	20,320	30,512
Discharges	3,020	3,385	4,784
Length of Stay	5.72	6.00	6.38
% Occupancy	62%	72%	58%
ER Visits	14,315	14,298	19,667
Lab Procedures	98,714	111,273	198,832
Radiology Procedures	27,760	30,916	47,094

⁽¹⁾ Data for eight months ended May 31, 1992 includes activity for the West Campus Facility for the seven month period November 1, 1991 through May 31, 1992.

Source: Hospital management.

**Interim Summary of Revenues and Expenses
Flagler Hospital, Inc.**

	Flagler East Campus Facility Eight Months Ended May 31, 1991 (unaudited)	Flagler East Campus Facility Eight Months Ended May 31, 1992 (unaudited)	Combined Facilities Eight Months Ended May 31, 1992 ⁽¹⁾ (unaudited)
Net patient service revenue	\$20,729,089	\$24,779,975	\$35,904,407
Other revenues	<u>228,796</u>	<u>254,646</u>	<u>370,654</u>
Total Revenue	\$20,957,885	\$25,034,621	\$36,275,061
Expenses			
Professional care of patients	9,902,721	11,936,413	17,705,790
General and Administrative	2,238,487	2,575,293	3,418,663
Employee health and welfare	1,699,057	1,947,178	2,776,209
Provision for uncollectible accounts	2,001,660	2,564,800	4,097,144
Depreciation and amortization	1,391,513	1,467,092	1,839,792
Interest	957,998	725,130	725,130
Other	<u>1,735,241</u>	<u>1,863,757</u>	<u>2,791,829</u>
Total Expenses	\$19,926,677	\$23,079,663	\$33,354,557
Operating income	1,031,208	1,954,958	2,920,504
Nonoperating gains, net	<u>755,314</u>	<u>739,253</u>	<u>742,758</u>
Excess of Revenues and Gains Over Expenses	\$ <u>1,786,522</u>	\$ <u>2,694,211</u>	\$ <u>3,663,262</u>

⁽¹⁾ Data for eight months ended May 31, 1992 includes activity for the West Campus Facility for the seven month period November 1, 1991 through May 31, 1992.

Source: Hospital management.

**Interim Gross Patient Service Revenue Sources
Flagler Hospital, Inc.**

	Flagler East Campus Facility Eight Months Ended May 31, 1991	Flagler East Campus Facility Eight Months Ended May 31, 1992	Combined Facilities Eight Months Ended May 31, 1992 ⁽¹⁾
Medicare	48.43%	50.81%	56.48%
Medicaid	11.90%	10.82%	9.07%
Commercial	22.67%	19.94%	19.03%
HMO/PPO	6.85%	6.88%	5.85%
Self-Pay	6.42%	8.36%	7.04%
Champus	1.06%	1.22%	.90%
Other	<u>2.67%</u>	<u>1.97%</u>	<u>1.63%</u>
	100.00%	100.00%	100.00%
Inpatient Charges	65.6 %	68.7 %	71.4 %
Outpatient Charges	34.4 %	31.3 %	28.6 %

⁽¹⁾ Data for eight months ended May 31, 1992 includes activity for the West Campus Facility for the seven month period November 1, 1991 through May 31, 1992.

Source: Hospital management.

MANAGEMENT'S DISCUSSION OF RECENT UTILIZATION AND FINANCIAL PERFORMANCE OF THE OBLIGATED GROUP

General

The Hospital has a history of successful financial performance. Operating gains have been recorded in each of the last five fiscal periods.

The Hospital acquired the former St. Augustine General Hospital (now known as Flagler West and referred to herein as the "West Campus Facility") on November 1, 1991. The positive financial trends have continued in the post acquisition period. For the eight month period ended May 31, 1992, the Hospital has recorded \$3.6 million in excess of revenues and gains over expenses. This compares with \$1.7 million for the same period in fiscal year 1991. The current year includes seven months activity of the West Campus Facility.

The positive financial results are the result of both the impact of the West Campus Facility operations and the increased patient activity at both the Flagler East Campus Facility and the West Campus Facility. At the Flagler East Campus Facility, total discharges are up 12% over the prior year. The West Campus Facility has experienced a 21% increase in discharges in the seven month post-acquisition period.

Management attributes the consistent, positive financial performance to several factors.

- (1) Service area dominance; Flagler competes successfully with urban facilities in Jacksonville, Florida.
- (2) A balanced approach to controlling expenses utilizing budgets and statistical indicators.
- (3) Service area growth and demographics; St. Johns County has averaged over 6% growth per year during the ten year period between 1980 and 1990.

Matters Affecting Revenue and Expenses

Gross patient service revenues have increased over the last five years due to the expansion of the obstetrics program and expanded outpatient programs. There has been an overall increase in ancillary and outpatient utilization.

Net patient service revenues have been enhanced by a Medicaid qualification program that includes the utilizing of Health and Rehabilitative Services personnel to help qualify patients for the Medicaid program.

The Hospital has been able to control increases in operating expenses through a participatory budgeting program that includes monthly monitoring and a goal-oriented management incentive compensation program.

In addition to the volume related activity mentioned above, the Hospital has been able to improve on historical operating results at the West Campus site due to several factors.

Significant cost savings have been realized with the consolidation of various administrative and overhead functions. The previous owner was charged a "Management Fee" by its home office. This cost has been eliminated. Replacing the former employee benefit package, which included an ESOP, with a traditional employee benefit package has resulted in additional savings. Depreciation savings have resulted from the purchase price being lower than that assigned by the former owner. Additional savings are expected as the consolidation of operations continues.

APPENDIX B
FINANCIAL STATEMENTS

APPENDIX C

**COPY OF TRUST INDENTURE AS AMENDED
AND SUPPLEMENTED, AND LOAN AGREEMENT,
AS AMENDED AND SUPPLEMENTED**

APPENDIX D
SUMMARY OF MASTER INDENTURE

APPENDIX E

COPY OF CO-BOND COUNSEL OPINION;
COPY OF OPINION OF BALLARD, SPAHR, ANDREWS & INGERSOLL;
AND COPY OF PROPOSED OPINION OF FOLEY & LARDNER

LAW OFFICE

BALLARD, SPAHR, ANDREWS & INGERSOLL

30 SOUTH 17TH STREET-20TH FLOOR

PHILADELPHIA, PA. 19103

215 564-1900

TELECOPIER 215 638-4990-4412

TELEX 83-4632

CABLE BALLARD

ATTORNEYS AT LAW

MEREDITH, DOBSON, READY, REY

CONN & JOYCE, P.A.

77 BRIDGE STREET

ST. AUGUSTINE, FLORIDA 32085-1937

TELEPHONE (904) 829-2223

August 14, 1986

St. Johns County, Florida
c/o Clerk of Courts
St. Johns County Courthouse
St. Augustine, Florida 32084

Irving Trust Company
One Wall Street
New York, New York 10014

Re: St. Johns County, Florida - \$23,300,000
Aggregate Principal Amount of Hospital Revenue
Bonds, 1986 Series A (Flagler Hospital, Inc. Project

Gentlemen:

We have acted as Bond Counsel in connection with the issuance by St. Johns County, Florida (the "Issuer") of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) in the aggregate principal amount of \$23,300,000 (the "Bonds"). The Bonds are being issued pursuant to the provisions of Chapter 159, Part II, Florida Statutes, as amended (the "Act"), for the purpose of assisting Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital"), in the financing of its acquisition, construction and equipping of a 115 bed acute care hospital facility to be located in St. Johns County, Florida (the "Project").

The Bonds are being issued under and secured by a trust indenture dated as of August 1, 1986 (the "Indenture"), between the Issuer and Irving Trust Company, as trustee (the "Trustee"). The Issuer has entered into a Loan Agreement dated as of August 1, 1986 (the "Agreement") with the Hospital, pursuant to which the Issuer has agreed to lend the proceeds of the Bonds to the Hospital in order to pay for certain costs of the Project, and the Hospital has agreed to repay the loan in installments sufficient to pay when due the principal, redemption price or purchase price of and interest on the Bonds. The Issuer has assigned its right, title and interest in and to the Agreement (except for certain rights to indemnification and payment of fees and expenses of the Issuer) to the Trustee, as security for the Bonds.

St. Johns County, Florida
Irving Trust Company
August 14, 1986
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Except as described below, the Bonds are issuable as fully registered Bonds without coupons, initially in the denomination of \$100,000 or any integral multiple thereof; the Bonds will bear interest at "Variable Rates" (as defined in the Indenture) to be determined on a weekly basis; and interest on the Bonds will be payable quarterly. Subject to the conditions specified in the Indenture, the interest rate on the Bonds may be converted to a "Fixed Rate" (as defined in the Indenture) for the remaining term of the Bonds. After the effective date of the establishment of a Fixed Rate on the Bonds, the Bonds will be issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and interest on the Bonds will be payable semiannually. Prior to the establishment of a Fixed Rate on the Bonds, the owners of the Bonds may tender their Bonds to the Tender Agent appointed under the Indenture for purchase on the dates and in the manner set forth in the Indenture.

The Hospital has caused Irving Trust Company, New York, New York (the "Bank") to deliver to the Trustee the Bank's Irrevocable Letter of Credit (the "Letter of Credit") authorizing the Trustee to make one or more drawings on the Letter of Credit to pay the principal, redemption price or purchase price of the Bonds and up to 120 days interest accrued thereon to the extent that moneys are not available therefor under the Indenture. Under its terms, the Letter of Credit will terminate on the earliest to occur of (a) August 15, 1989, (b) the fifteenth day after the Trustee receives written notice from the Bank of an event of default under the Reimbursement Agreement and directing the Trustee to accelerate payment of the Bonds, (c) the date on which the Bank receives a certificate from the Trustee to the effect that (i) the interest rate on the Bonds has been converted to a Fixed Rate, (ii) an Alternate Credit Facility (as defined in the Indenture) has been delivered to the Trustee pursuant to the Indenture or (iii) there are no longer any Bonds outstanding, (d) the fifteenth day following the conversion of the interest rate on the Bonds to a Fixed Rate, or (e) the making by the Trustee of the final drawing available to be made under the Letter of Credit. The Letter of Credit may be extended or replaced in accordance with the terms of the Indenture. The Letter of Credit has been issued pursuant to a Reimbursement Agreement dated as of August 1, 1986 (the "Reimbursement Agreement") between the Hospital and the Bank, under which the Hospital has agreed, among other things, to reimburse the Bank for all drawings on the Letter of Credit, with interest.

The Hospital has represented and covenanted in the Agreement that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), that it shall not carry on or permit to be carried on in

St. Johns County, Florida
Irving Trust Company
August 14, 1986
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the Hospital Facilities (as defined in the Indenture) or other property now or hereafter owned by it any trade or business which would cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the holders thereof, and that it will not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the holders thereof.

The Issuer has filed with the Internal Revenue Service a report of the issuance of the Bonds as required by Section 103(1) of the Code as a condition of the exemption of the interest on the Bonds from Federal income tax. In addition, an officer of the Issuer responsible for issuing the Bonds and the President of the Hospital have executed certificates stating the reasonable expectations of the Issuer and the Hospital on the date of issuance of the Bonds as to future events that are material for purposes of Section 103(c) of the Code, pertaining to arbitrage bonds. We have reviewed these certificates and, in reliance thereon, it is our opinion that the Bonds are not arbitrage bonds.

In our capacity as Bond Counsel we have examined such documents, records of the Issuer and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Agreement, the Letter of Credit, the Reimbursement Agreement, the other documents listed in the Closing Memorandum in respect of the Bonds filed with the Trustee, and an executed Bond, authenticated by the Trustee. We assume that all other Bonds have been similarly executed and authenticated. With respect to matters pertaining to the Hospital, including the due authorization, execution and delivery of the Agreement and the Hospital's power to enter into and perform its obligations thereunder, we have relied on the opinion of Livermore, Klein & Lott, Jacksonville, Florida, counsel for the Hospital, a copy of which opinion has been filed with the Trustee. With respect to matters pertaining to the Bank, including the authorization, execution and delivery of the Letter of Credit and the Bank's power to enter into and perform its obligations thereunder, we have relied on the opinion of Winthrop, Stimson, Putnam & Roberts, New York, New York, counsel for the Bank, a copy of which opinion has been filed with the Trustee.

St. Johns County, Florida
Irving Trust Company
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Based upon and subject to the foregoing, it is our opinion that:

1. The Issuer is a county and political subdivision of the State of Florida, organized and existing under Florida law, with full power and authority under the Act to undertake the financing of the Project, to execute and deliver the Agreement and the Indenture, to assign its rights and interests under the Agreement to the Trustee and to issue and sell the Bonds.

2. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and the covenants of the Issuer therein are valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. All right, title and interest of the Issuer in and to the Agreement (except for certain rights to indemnification and to payments in respect of fees and expenses of the Issuer) have been validly assigned to the Trustee. The Indenture creates a security interest in the Revenues (as defined in the Indenture) in favor of the Trustee, which security interest has been perfected as a valid first lien, subject to the filing of appropriate continuation statements.

4. The issuance and sale of the Bonds have been duly authorized by the Issuer under the constitution and the laws of the State of Florida and, on the assumption as to execution and authentication stated above, such Bonds have been duly executed, delivered and authenticated and are valid and binding obligations of the Issuer, entitled to the benefits and security of the Indenture, except as the rights created thereunder and the enforcement thereof may be limited as indicated in paragraph 2.

5. Interest on the Bonds is exempt from Federal income tax as enacted and construed on the date hereof. Enactment of H.R. 3838, proposed federal tax legislation now pending in the United States Congress, may subject interest on the Bonds to a minimum tax.

6. Pursuant to the Act, the Bonds and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by the State of Florida or any local unit or any political subdivision or other instrumentality of said State (except that the exemption granted by the Act is not applicable to any tax imposed by Chapter 220, Florida Statutes, on interest,

St. Johns County, Florida
Irving Trust Company
August 14, 1986
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income or profits on debt obligations owned by corporations as defined in Chapter 220, Florida Statutes).

We call to your attention that on December 17, 1985 the United States House of Representatives adopted H.R. 3838 (the "House Bill"), which includes an extensive revision of the federal income tax laws affecting tax-exempt financing. If the House Bill is enacted into law in its current form, its provisions would generally apply to tax-exempt obligations issued by state and local government entities after December 31, 1985 and, therefore, would apply to the Bonds. The House Bill contains provisions that expand upon the requirements of existing law, including (i) a more stringent state volume cap allocation requirement (which, in the case of the Bonds, would require a volume cap allocation to be given to the Bonds by Florida state authorities) and (ii) additional requirements relating to the expenditure of bond proceeds. The Hospital has covenanted to apply for a volume cap under the House Bill if it is enacted into law and to comply with all applicable restrictions of the House Bill to the extent required to preserve the tax exemption of interest on the Bonds. Noncompliance with such requirements may cause the interest on the Bonds to be subject to Federal income taxation retroactive to the date hereof.

On June 24, 1986, the United States Senate passed its version of H.R. 3838 (the "Senate Bill"). Under the Senate Bill, the provisions in the Code pertaining to the tax-exempt status of interest on state and local government obligations would be modified. These modifications generally would apply only to obligations issued after the date of enactment of a bill incorporating the terms of the Senate Bill and thus would not apply to the Bonds.

We express herein no opinion as to the tax-exempt status of the Bonds or interest thereon under the House Bill, the Senate Bill or any other legislation enacted into law after the date hereof. We call to your attention that the Bonds are subject to mandatory redemption prior to maturity or purchase in accordance with Section 8.07 of the Indenture at a redemption price or purchase price equal to 101% of the principal amount of the Bonds, plus accrued interest thereon, if there is not delivered to the Trustee, by the 45th day following the enactment of 99th Congress New Legislation or by February 15, 1987, whichever is earlier, an opinion of nationally recognized bond counsel confirming that (a) 99th Congress New Legislation has been enacted and interest on the Bonds is exempt from Federal income tax (other than any applicable alternative minimum tax) as enacted and construed on the date of such confirmation or (b) no 99th Congress New Legislation has been or will be enacted;

St. Johns County, Florida
Irving Trust Company
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provided that the opinion described in clause (a) above may contain qualifications regarding additional actions required to be taken pursuant to the 99th Congress New Legislation, in which event such mandatory redemption or purchase shall not occur if, prior to February 15, 1987, an opinion meeting the requirements of clause (a) above, without such qualifications, is delivered to the Trustee. As used herein and in the Bonds and the Indenture, the term "99th Congress New Legislation" means the House Bill, the Senate Bill or similar legislation approved by the 99th Congress of the United States.

We express no opinion herein with respect to the adequacy, accuracy or completeness of any information used in connection with the offering for sale of the Bonds.

We call your attention to the fact that the Bonds are limited obligations of the Issuer payable only out of payments to be made by the Hospital pursuant to the Agreement, drawings under the Letter of Credit and certain other moneys available therefor, and that the Bonds do not pledge the general credit or taxing power of the Issuer, the State of Florida or any political subdivision or instrumentality thereof.

Very truly yours,

Paul J. Anderson & Son

Hendricks-Lowe Realty Management Co. & J. Co.

LAW OFFICES
BALLARD. SPAHR. ANDREWS & INGERSOLL

30 SOUTH 17TH STREET-20TH FLOOR

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CABLE BALLARD

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WASHINGTON, D. C. 20006
202 466-5800
TELEX 90-4185
TELECOPIER 202 296-0221

SEVENTEENTH STREET PLAZA BUILDING
SUITE 2300
1225 17TH STREET
DENVER, COLORADO 80202
303 292-2400
TELECOPIER 303 296-3956

November 19, 1986

St. Johns County, Florida
c/o Clerk of Courts
St. Johns County Courthouse
St. Augustine, Florida 32084

Irving Trust Company
One Wall Street
New York, New York 10014

Re: St. Johns County, Florida - \$23,300,000
Aggregate Principal Amount of Hospital
Revenue Bonds, 1986 Series A (Flagler
Hospital, Inc. Project)

Gentlemen:

We have acted as Bond Counsel in connection with the issuance by St. Johns County, Florida (the "Issuer") of its Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) in the aggregate principal amount of \$23,300,000 (the "Bonds"). The Bonds were issued pursuant to a trust indenture dated as of August 1, 1986 (the "Indenture") with Irving Trust Company, as trustee (the "Trustee") and the proceeds thereof were loaned to Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital"), for application toward the acquisition, construction and equipping of a 115 bed acute care hospital facility to be owned and operated by the Hospital in St. Johns County, Florida (the "Project"). All terms used and not otherwise defined herein shall have the meanings set forth in the Indenture.

Concurrently with the issuance and delivery of the Bonds, we delivered our approving opinion dated August 14, 1986 (the "Approving Opinion") in which we expressed our opinion as to the exemption of interest on the Bonds from federal income tax under existing laws as enacted and construed on such date. The Approving Opinion was based, in part, on certain representations, covenants, actions, certifications and opinions referred to therein, including: (a) representations and covenants of the Hospital regarding its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "1954 Code") and certain actions relevant to the tax-exempt status of interest on the Bonds under the 1954 Code; (b) the filing by the Issuer of a report of the issuance of the

St. Johns County, Florida
Irving Trust Company
November 19, 1986
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Bonds as required by Section 103(1) of the 1954 Code; (c) certificates of the Issuer and the Hospital regarding their reasonable expectations as to material future events under Section 103(c) of the 1954 Code; and (d) an opinion of Livermore, Klein & Lott, counsel for the Hospital, regarding certain actions taken and agreements made by the Hospital in connection with the issuance of the Bonds.

However, we expressed no opinion as to whether interest on the Bonds would be exempt from federal income tax under the Tax Reform Act of 1986 (the "Tax Reform Act") which was then pending before the United States Congress and was subsequently enacted into law on October 22, 1986. Accordingly, the Indenture requires certain actions to be taken unless, in the opinion of nationally recognized bond counsel, interest on the Bonds is exempt from federal income tax (with certain permitted exceptions) under any "99th Congress New Legislation" and such actions are not required to be taken in order to maintain such exemption.

This letter is being delivered to advise you as to the tax-exempt status of interest on the Bonds and as to the applicability of certain provisions of the Indenture in light of the enactment of the Tax Reform Act. For the purposes of this letter, we have examined the documents and other items listed in the Closing Memorandum filed with the Trustee in connection with the issuance of the Bonds, including without limitation the representations, covenants, reports, certifications and opinions referred to in the Approving Opinion and described above. We have assumed, without independent investigation, that all statements of fact and opinions contained in such documents and other items were true and correct on the date of issuance of the Bonds and remain true and correct on the date hereof and that the Hospital is in compliance with its covenants and agreements under the Agreement.

Based upon and subject to the foregoing, it is our opinion that:

1. As enacted into law, the Tax Reform Act constitutes "99th Congress New Legislation" within the meaning of the Indenture.

2. Under existing laws as enacted and construed on the date hereof, interest on the Bonds is exempt from federal income tax and will not be a preference item for purposes of determining either individual or corporate alternative minimum

St. Johns County, Florida
Irving Trust Company
November 19, 1986
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tax. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or REMIC) may be subject to alternative minimum tax and environmental tax because interest on the Bonds will be included in the reported income or earnings and profits of a corporate holder.

3. Under Section 4.02(b) of the Indenture, any Costs of the Project, whether for the acquisition of property for, or the construction of, the Project Facilities, may be paid from funds held in the Construction Fund without regard to whether such funds are held in the Construction Account or the Acquisition Account heretofore established with the Construction Fund.

4. Failure to make a mandatory redemption of Bonds pursuant to Section 8.01(b)(vi) of the Indenture will not cause interest on the Bonds to become subject to Federal income tax under existing laws as enacted and construed on the date hereof.

5. The provisions of Sections 3.05 and 3.06 of the Agreement need not be complied with in order to maintain the exemption of the interest on the Bonds from federal income tax under existing laws, as enacted and construed on the date hereof.

We call to your attention that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, foreign corporations engaged in a trade or business in the United States, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to such collateral consequences.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person.

Very truly yours,

Ballard, Spahr, Anderson & Anger

PROPOSED FORM OF OPINION OF FOLEY & LARDNER

_____, 1992

St. Johns County, Florida
St. Augustine, Florida

The Bank of New York
New York, New York

Kredietbank N.V., New York Branch
New York, New York

Flagler Hospital, Inc.
St. Augustine, Florida

Re: St. Johns County, Florida Hospital Revenue Bonds,
1986 Series A (Flagler Hospital, Inc. Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with (i) the delivery on the date hereof of the Alternate Credit Facility hereinafter described pursuant to the provisions of that certain Trust Indenture dated as of August 1, 1986, between St. Johns County, Florida (the "Issuer") and Irving Trust Company, now known as The Bank of New York, as trustee (the "Trustee") (said Trust Indenture, as amended and supplemented by a First Supplemental Trust Indenture dated as of March 1, 1989, between the Issuer and the Trustee, [and] by a Second Supplemental Trust Indenture dated as of July 1, 1992, between the Issuer and the Trustee, [and by a Third Supplemental Trust Indenture dated as of August 1, 1992, between the Issuer and the Trustee,] is hereinafter referred to as the "Original Indenture"), relating to the above-captioned bonds (the "Bonds"), and that certain Loan Agreement dated as of August 1, 1986 between the Issuer and Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital") ([said Loan Agreement, as amended and supplemented by a First Supplemental Loan Agreement dated as of August 1, 1992, between the Issuer and the Hospital, is hereinafter referred to as] the "Original Agreement"), and (ii) the execution and delivery on the date hereof of the Supplemental Indenture and Supplemental Agreement hereinafter described.

For purposes of this opinion, we have examined, among other things, executed copies of the following documents:

- (a) the Original Indenture;
- (b) the Original Agreement;

St. Johns County, Florida
The Bank of New York
Kredietbank N.V.
Flagler Hospital, Inc.
_____, 1992
Page 2

(c) [Third] [Fourth] Supplemental Trust Indenture dated as of [August] [September] 1, 1992, between the Issuer and the Trustee (the "Supplemental Indenture");

(d) [First] [Second] Supplemental Loan Agreement dated as of [August] [September] 1, 1992, between the Issuer and the Hospital (the "Supplemental Agreement");

(e) Irrevocable Letter of Credit dated as of [August] [September] __, 1992 (the "Alternate Credit Facility"), issued by Kredietbank N.V., acting through its New York Branch (the "Alternate Credit Facility Issuer");

(f) Reimbursement Agreement dated as of [August] [September] __, 1992, between the Hospital and the Alternate Credit Facility Issuer;

(g) Transcript of proceedings relating to the issuance of the Bonds; and

(h) such closing certificates and other documents as we considered necessary and appropriate for the purposes of this opinion.

As to questions of fact material to our opinion, we relied upon our review of the above-mentioned documents and certificates, without undertaking to verify the same by independent investigation.

Based upon the foregoing and upon our review of such matters of law as we have deemed necessary, we are of the opinion, under existing statutes, regulations, rulings and court decisions, that:

1. The delivery of the Alternate Credit Facility to the Trustee on the date hereof is authorized under the Original Indenture and complies with the terms thereof.

2. The execution and delivery of the Supplemental Indenture and the Supplemental Agreement by the respective parties thereto on the date hereof is authorized under the Original Indenture and the Original Agreement and complies with the terms thereof.

3. The amendments to the Original Indenture, the Original Agreement and the Bonds made pursuant to the Supplemental Indenture and the Supplemental Agreement will be treated as

St. Johns County, Florida
The Bank of New York
Kredietbank N.V.
Flagler Hospital, Inc.
_____, 1992

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resulting in a deemed exchange of the Bonds for new obligations (the "Deemed Refunding Bonds") for federal income tax purposes. This deemed exchange may result in the recognition of gain or loss for federal income tax purposes to any Bondholder that owned the Bonds prior to the date hereof. The Deemed Refunding Bonds will be treated for federal income tax purposes as currently refunding the Bonds. The execution and delivery of the Supplemental Indenture and the Supplemental Agreement by the respective parties thereto and the substitution of the Alternate Credit Facility on the date hereof will not, in and of themselves, adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds (as the Deemed Refunding Bonds).

This opinion is limited to the legal effect of the amendments to the Original Indenture, the Original Agreement and the Bonds made pursuant to the Supplemental Indenture and Supplemental Agreement and of the delivery of the Alternate Credit Facility. We have not been requested to undertake, and have not undertaken, any investigation of facts, circumstances or expectations subsequent to the date of issuance of the Bonds with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes, in order to make a determination that interest on the Bonds remains excluded from gross income for federal income tax purposes; and, therefore, we are not expressing an opinion as to whether or not the interest on the Bonds has remained or is currently excluded from the gross income of the owners thereof for federal income tax purposes, nor are we expressing any opinion with regard to any other tax consequences resulting from ownership of the Bonds.

Very truly yours,

APPENDIX F

KREDIETBANK N.V.

KREDIETBANK N.V., New York Branch (the "Bank"), is an unincorporated branch of Kredietbank N.V. ("Kredietbank"), a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. Kredietbank conducts operations through additional offices and agencies in the United States and around the world. Kredietbank is subject to regulation by the Belgian Banking Commission and to Belgian banking and accounting law.

Kredietbank maintains its records and prepares its financial statements in Belgian francs (BEF) and in accordance with accounting principles generally accepted in Belgium. Amounts set forth below in U.S. dollars are included solely for the convenience of readers outside Belgium. Such dollar amounts were determined based on an exchange rate, as published for June 3, 1992, by the Wall Street Journal on June 4, 1992, of BEF 32.98 = U.S. \$1.00. The inclusion of U.S. dollar amounts is not intended to imply that Belgian francs have been or could readily be converted, realized or settled in U.S. Dollars at that rate or any other rate. In addition, the reader should note that Belgian accounting principles differ in certain respects from U.S. accounting principles.

As at March 31, 1992, Kredietbank was the third largest bank in Belgium measured by total assets. As at March 31, 1991 (the latest date for which audited financial information is available), Kredietbank had assets totalling BEF 1,567.4 billion (U.S. \$47.5 billion), customers' deposits of BEF 686.9 billion (U.S. \$20.8 billion) and stockholder's equity of BEF 52.8 billion (U.S. \$1.6 billion). As at March 31, 1992 (the latest date for which financial information is available), Kredietbank had assets totalling BEF 1,753.7 billion (U.S. \$53.2 billion), customers' deposits of BEF 874.7 billion (U.S. \$26.5 billion) and stockholder's equity of BEF 58.8 billion (U.S. \$1.8 billion).

Kredietbank operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. As at March 31, 1991 (the latest date for which audited financial statements are available), Kredietbank employed over 10,000 people and operated a network of branches in Belgium. In contrast with the two other major Belgian banks, Kredietbank's branches in Belgium are located exclusively in Flanders and Brussels. Kredietbank is indirectly represented through Credit General S.A. de Banque, a 58.86% subsidiary with (as at March 31, 1991) 80 branches in the Walloon region and Brussels.

The Bank, established in 1978, is licensend by the Banking Department of the State of New York to provide a full range of services in New York.

The following table presents certain selected financial information concerning the Bank:

	<u>December 31</u> <u>unaudited</u>	<u>March 31</u> <u>unaudited</u>	
	<u>1990</u>	<u>1991</u>	<u>1992</u>
	(millions of US\$)		
Total loans	117.0	66.9	55.6
Total assets	619.0	966.3	903.9
Deposits	0.2	0.3	1.4
Letters of credit (including standby letters of credit)	114.2	168.8	198.2

Besides handling currency transactions, the Bank is also active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. The Bank is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

The Bank will provide, without charge, a copy of Kredietbank's Annual Report for the year ended March 31, 1991, or any more recent publicly available Annual Report or press release on financial condition. Written request should be directed to: Kredietbank N.V., New York Branch, 125 West 55th Street, 10th Floor, New York, New York 10019, Attention: Stephen Castellani, (212) 541-0600.

Delivery of this Remarketing Circular shall not create any implication that there has been no change in the affairs of the Bank or Kredietbank since the date hereof or the date of such information, or that the information contained or referred to in this Remarketing Circular is correct as of any time subsequent to its date.

APPENDIX G

FORM OF REPLACEMENT LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT
KREDIETBANK N.V.,
acting through its New York Branch
125 W. 55th Street
New York, New York 10019

Date: August __, 1992

Irrevocable Letter of Credit No. _____

The Bank of New York
101 Barclay Street
New York, New York 10286

Attention: Corporate Trust Department

Dear Sirs:

For the account of Flagler Hospital, Inc. (the "Hospital"), we hereby authorize you to draw on us at sight up to \$[15,000,000] (the "Credit Amount").

This Letter of Credit is issued to you, as Trustee under the Indenture dated as of August 1, 1986 between St. Johns County, Florida (the "Issuer") and you (the "Indenture") pursuant to which \$23,300,000 in aggregate principal amount of St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds") have been issued.

Of the Credit Amount, (a) up to \$[15,000,000] (the "Principal Portion") may be drawn with respect to payment of the unpaid Principal amount of the Bonds, or the portion of the Purchase price equal to the Principal amount of Bonds, and (b) up to \$IP (the "Interest Portion") may be drawn with respect to payment of up to 120 days' interest actually accrued on the Bonds, or the portion of the Purchase price equal to the interest actually accrued on Bonds (assuming a maximum interest rate on the Bonds of 15% per annum) on or prior to the Fixed Rate Conversion Date or their stated maturity date (the amount of such drawing with respect to accrued interest not to exceed an amount computed by you at the actual rate of interest from time to time at the actual rate of interest from time to time applicable to the Bonds during the period for which such drawing is to be made). This Letter of Credit does not apply to any interest that may accrue on the Bonds after the maturity thereof.

Funds under this Letter of Credit are available to you against your or your authorized representative's sight draft(s) drawn on us, stating on their face: "Drawn under Kredietbank N.V. Irrevocable Letter of Credit No. _____ accompanied by

your written certificate purportedly signed by your authorized representative, appropriately completed, in the form of Exhibit A, B, C or D, as indicated below. Presentation of such drafts and certificates shall be made at our office located at

125 W. 55th Street
New York, New York
Attention: Manager, Loan Administration

or at any other office in New York City which may be designated by us by written notice delivered to you. We hereby agree that each draft drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us upon due delivery of the certificates, as specified below, if presented as specified below on or before the expiration date hereof:

(1) If a presentation in respect of payment other than a drawing against Exhibit B is made by you hereunder at or prior to 11:30 A.M. , New York time, on a business day, and provided that the documents so presented conform to the terms and conditions hereof, payment shall be made to you, or to your designee, of the amount specified, in immediately available funds, not later than 3:00 P.M., New York time, on the same business day.

(2) If a presentation in respect of payment other than a drawing against Exhibit B is made by you hereunder after 11:30 A.M., New York time, on a business day, and provided that the documents so presented conform to the terms and conditions hereof, payment shall be made to you, or to your designee, of the amount specified, in immediately available funds, not later than 12:00 noon, New York time, on the next succeeding business day.

(3) If a presentation in respect of payment against Exhibit B is made by you hereunder at or prior to 3:00 P.M., New York time, on a business day, and provided that the documents so presented conform to the terms and conditions hereof, payment shall be made to You, or to your designee, of the amount specified, in immediately available funds, not later than 3:00 P.M. New York time, on the next succeeding business day.

(4) If a Presentation in respect of payment against Exhibit B is made by you hereunder after 3:00 P.M. , New York time, on a business day, and provided that the documents so presented conform to the terms and conditions hereof, payment shall be made to you, or your designee, of the amount specified, in immediately available funds, not later than 3:00 P.M., New York time, on the second succeeding business day.

If requested by you, payment under this Letter of Credit may be made by deposit of immediately available funds into a designated account (x) with you or your authorized representative or (y) that you or your authorized representative maintains with us. As used herein "business day" shall mean a day on which banks located in the city in which your Principal corporate trust office is located and banks in the city in which our Principal office is located are not required or authorized by law or executive order to remain closed.

The amount available under this Letter of Credit shall be reduced by (i) the amount of each drawing paid by us hereunder (subject to reinstatement as provided below), (ii) the amounts specified in a notice in the form of Exhibit F hereto purportedly signed by you and delivered to us of a redemption or defeasance of less than all of the Bonds outstanding other than with the proceeds of a drawing under this Letter of Credit.

Principal Portion Drawings

For drawings under the Principal Portion your or your authorized representative's drafts must be accompanied by your or your authorized representative's written certificate purportedly signed by you or your authorized representative appropriately completed in the form of Exhibit A or Exhibit C hereto.

Interest Portion Drawings

For drawings under the Interest Portion your or your authorized representative's drafts must be accompanied by your or your authorized representative's written certificate purportedly signed by you or your authorized representative, appropriately completed in the form of Exhibit B or Exhibit D hereto.

Principal Portion Reinstatement

It is a condition of this Letter of Credit that amounts drawn hereunder with respect to the Principal Portion against Exhibit C shall automatically be reinstated in the Principal Portion of the Credit Amount (subject to any other reduction hereunder), upon our receipt of (i) your certificate in the form of Exhibit J hereto and (ii) an amount equal to the purchase price for the Bonds specified in paragraph (2) of Exhibit J.

Interest Portions Reinstatement

Amounts drawn hereunder with respect to the Interest Portion against Exhibit B or Exhibit D shall automatically be reinstated in the Interest Portion of the Credit Amount (subject to any other reduction hereunder) on the tenth day following the honoring of such drawing. However, such amounts shall not be so reinstated if:

You shall have received notification from us by telephone (confirmed on such day by tested telex or telecopier) sent to you at: 101 Barclay Street, New York, New York 10286 Attention: Vice President-Corporate Trust Department, Telephone: [(212) 815-5741, Telex: 420268, Telecopier: (212) 815-5999] prior to the tenth day following the honoring of such drawing that such amount of the Interest Portion will not be so reinstated because:

(1) we have not been reimbursed for such drawing

or

(2) an "Event of Default" has occurred under the Reimbursement Agreement (the "Agreement") dated as of August __, 1992 between the Hospital and us and directing you to cause an acceleration of the Bonds in accordance with the Indenture.

Only you as Trustee may make a drawing under this Letter of Credit. Upon payment of the amount specified in sight drafts drawn hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such sight drafts and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such sight drafts to you or any other Person who may have made to you or makes to you a demand for payment of Principal of, or premium or interest on, any Bond.

Expiration/Termination

This Letter of Credit shall automatically terminate and be delivered to us for cancellation upon the earliest of

(i) the making by you of the final drawing available to be made hereunder,

(ii) the fifteenth day after your receipt of written notification from us of an Event of Default and directing you to cause an acceleration of the Bonds in accordance with Section 10.02 of the Indenture,

(iii) our receipt of a certificate in the form of Exhibit G, Exhibit H or Exhibit I hereto appropriately completed and purportedly signed by your duly authorized officer and, in the case of Exhibit I, by a duly authorized officer of the Hospital,

(iv) our close of business on August __, 1992, and

(v) fifteen days following the Fixed Rate Conversion Date.

Transfer

This Letter of Credit may be successively transferred in its entirety (but not in part), upon presentation to us of this Letter of Credit accompanied by the transfer forms attached hereto as Exhibit E, to the transferee specified therein.

Miscellaneous

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication No. 400 (the "Uniform Customs"). This Letter of Credit shall be deemed to be made under the laws of the State of New York, including Article 5 of the Uniform Commercial Code, and shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the law of the State of New York.

All documents presented to us in connection with any demand for payment hereunder, as well as all notices and other communications to us in respect of this Letter of Credit, shall be in writing and addressed and presented to us at 125 W. 55th Street, New York, New York, Attention: Manager, Loan Administration Department, and shall make specific reference to this Letter of Credit by number. Such documents, notices and other communications shall be personally delivered to us, or may be sent to us by tested Telex to the following number:

Telex No.: MCI 661572 TRT 177789 (Answerback: _____)

For purposes of this Letter of Credit, a document shall be "presented" or a "presentation" of a document shall be made in accordance with the terms hereof only when such document is actually received by the Loan Administration Department of Kredietbank N.V. at 125 W. 55th Street, New York, New York 10019.

Bonds purchased by the Hospital or registered in our name as pledgee shall not be entitled to the benefits of this Letter of Credit.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds), except only the certificates and the sight drafts referred to herein; and any such reference shall not be deemed to

incorporate herein by reference any document, instrument or agreement except for such certificates and such sight drafts.

Very truly yours,

KREDIETBANK N.V.

By: _____

Name: Robert E. Snauffer, Jr.
Title: Vice President

By: _____

Name: Katherine S. McCarthy
Title: Vice President

CERTIFICATE FOR "A DRAWING"*

The undersigned, a duly authorized officer of _____ (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) The Trustee is making a drawing under the Principal Portion of the Letter of Credit with respect to \$_____ to be used for the payment of Principal on the Bonds due to mandatory or optional redemption, mandatory purchase, acceleration or maturity.

(3) The amount of Principal of the Bonds which is, or on the day of the requested payment under the Letter of Credit will be, due and payable (or owing with respect to a mandatory purchase) is \$_____ and the amount of the drawing referred to in paragraph (2) does not exceed such amount of Principal.

(4) The amount specified in paragraph (2) together with the aggregate of all prior payments made by the Bank pursuant to A Drawings or C Drawings (as to which reinstatement of the Bank's obligations has not been made pursuant to the Letter of Credit) under this Letter of Credit for the payment of Principal of the Bonds, does not exceed the Principal Portion of the Letter of Credit after any reduction thereof pursuant to certificates previously delivered by the Trustee to the Bank in the form of Exhibit F to the Letter of Credit.

(5) The amount specified in paragraph (2) was computed in accordance with the terms and conditions of the Bonds and the Indenture.

* For payment of Principal of Bonds due to mandatory or optional redemption, mandatory purchase, acceleration or maturity.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

THE BANK OF NEW YORK,
as Trustee

By: _____
Title: _____

CERTIFICATE FOR "C DRAWING"*

The undersigned, a duly authorized officer of (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) The Trustee is making a drawing under the Principal Portion of the Letter of Credit in the amount of \$_____ to be used for the payment of the Principal portion of the purchase price of Bonds delivered to the Trustee pursuant to Section 3.02 of the Indenture and to be delivered to the Bank pursuant to Section 3.04 of the Indenture.

(3) The amount of the sight draft(s) accompanying this Certificate, together with the aggregate of all prior payments made by the Bank pursuant to drawings on Exhibit A under this Letter of Credit for the payment of Principal of the Bonds (and pursuant to prior C Drawings, as to which reinstatement of the Bank's obligations has not been made pursuant to the Letter of Credit), does not exceed the amount of the Principal Portion of the Letter of Credit after any reduction thereof pursuant to certificates previously delivered by the Trustee to the Bank in the form of Exhibit F to the Letter of Credit.

(4) The amount of the sight draft(s) accompanying this Certificate was computed in accordance with the terms and conditions of the Bonds and the Indenture.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

THE BANK OF NEW YORK,
as Trustee

By: _____
Title: _____

* For payment of purchase price corresponding to the Principal of Bonds delivered to the Trustee for purchase pursuant to Section 3.02 of the Indenture.

CERTIFICATE FOR "D DRAWING"*

The undersigned, a duly authorized officer of _____ (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) The Trustee is making a drawing under the Interest Portion of the Letter of Credit in the amount of \$_____ to be used for the payment of the portion of the purchase price of Bonds delivered to the Trustee in accordance with Section 3.02 of the Indenture equal to the amount of accrued and unpaid interest on such Bonds to the date of the purchase thereof.

(3) The aggregate amount of all drawings referred to in Paragraph 2 does not exceed the amount of such portion of purchase price that is due and payable and does not exceed an amount equal to 120 days, accrued interest on the Bonds computed at the actual rate of interest, which shall not exceed 15%, thereon during the period for which this drawing is being made.

(4) The amount of the sight draft(s) accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Interest Portion of the Letter of Credit in respect to payment of interest accrued on the Bonds on or Prior to their stated maturity date.

(5) The amount of the sight draft(s) accompanying this Certificate was computed in accordance with the terms and conditions of the Bonds and the Indenture.

* For payment of portion of purchase price of Bonds delivered to the Trustee pursuant to Section 3.02 of the Indenture corresponding to accrued interest thereon.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ____ day of _____, ____.

THE BANK OF NEW YORK,
as Trustee

By: _____
Title:

Kredietbank N.V.
Loan Administration Department
125 W. 55th Street
New York, New York 10019

Date:

Gentlemen:

With reference to your Letter of Credit No. _____, effective as of _____, 19____ we hereby transfer all rights therein to _____, subject to the terms and conditions of said Letter of Credit. We hereby certify that the transferee is the successor Trustee under the Indenture dated as of August 1, 1986 between St. Johns County, Florida and us (the "Indenture"). The transferee has acknowledged below that it is the successor Trustee.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

Enclosed is the original Letter of Credit so that you may endorse the transfer thereon.

Yours very truly,

Beneficiary _____
Name

By: _____
Authorized Signature

The above signature of an officer or other authorized representative conforms to that on file with us. Said officer or representative is authorized to sign for said party.

Bank _____
Name

By: _____
Authorized Signature

_____ hereby acknowledges that it is the successor to The Bank of New York as Trustee under the Indenture.

By: _____
Authorized Signature

CERTIFICATE FOR THE REDUCTION OF AMOUNTS AVAILABLE UNDER
IRREVOCABLE LETTER OF CREDIT NO. _____
dated August __, 1992

The undersigned, a duly authorized officer of The Bank of New York (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Letter of Credit", the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Trustee, that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) The Trustee hereby notifies you that on or prior to the date hereof \$_____ Principal amount of the Bonds have been (A) redeemed and paid pursuant to the Indenture other than with funds drawn under the Letter of Credit or (B) paid and cancelled pursuant to the Indenture or the Agreement.

(3) Following the redemption and payment or payment and cancellation referred to in paragraph (2) above, the aggregate Principal amount of all of the Bonds outstanding is \$_____.

(4) The maximum amount of interest (computed at 15% per annum), accruing on the Bonds referred to in paragraph (3) above in any period of 120 days is \$_____.

(5) The amount available to be drawn by the Trustee under the Letter of Credit for accrued interest on the Bonds or the portion of the purchase price of the Bonds equal to accrued interest is reduced to \$_____ (such amount being equal to the amount specified in paragraph (4) above) upon receipt by the Bank of this certificate.

(6) The amount of the Letter of Credit is reduced to \$_____ (such amount being equal to the sum of the amounts specified in paragraphs (3) and (4) above) upon receipt by the Bank of this certificate, of which amount \$_____ (the amount specified in paragraph (3) above) constitutes the revised Principal Portion and \$_____ (the amount specified in paragraph (4) above) constitutes the revised Interest Portion.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate this ____ day of _____, 19____.

THE BANK OF NEW YORK,
as Trustee

By: _____
Title:

Kredietbank N.V.
125 W. 55th Street
New York, New York 10019

Attention: Loan Administration Department

Re: Kredietbank N.V. Irrevocable Letter of Credit No. _____

Gentlemen:

With respect to St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds") issued pursuant to the Indenture dated as of August 1, 1986, between St. Johns County, Florida and The Bank of New York, as trustee, the undersigned, a duly authorized officer of The Bank of New York, as Trustee (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with respect to the above-referenced Letter of Credit (the "Letter of Credit") issued by the Bank in favor of the Trustee, that none of the Bonds remain outstanding.

Pursuant to the Indenture we are delivering herewith the Letter of Credit for cancellation.

Very truly yours,

THE BANK OF NEW YORK,
as Trustee

By: _____
Title

* For delivery of Letter of Credit for cancellation when no Bonds remain outstanding.

Kredietbank N.V.
125 W. 55th Street
New York, New York 10019

Attention: Loan Administration Department

Re: Kredietbank N.V. Irrevocable Letter of Credit No. _____

Gentlemen:

With respect to St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project) (the "Bonds") issued pursuant to the Indenture dated as of August 1, 1986 between St. Johns County, Florida, and The Bank of New York, as trustee, the undersigned, a duly authorized officer of The Bank of New York, as Trustee (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with respect to the above-referenced Letter of Credit (the "Letter of Credit") issued by the Bank in favor of the Trustee, that all of the Bonds outstanding have been converted to bear interest at a fixed long-term rate or rates of interest in accordance with the Indenture.

Pursuant to the Indenture we are delivering herewith the Letter of Credit for cancellation.

Very truly yours,

THE BANK OF NEW YORK,
as Trustee

By: _____
Title:

-
- * For delivery of Letter of Credit for cancellation when all Bonds have been converted to a fixed long-term rate.

Kredietbank N.V.
125 W. 55th
New York, New York 10019

Attention: Loan Administration Department

Re: Kredietbank N.V. Irrevocable Letter of Credit No. _____

Gentlemen:

The undersigned, a duly authorized officer of The Bank of New York, as Trustee (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with respect to the above-referenced Letter of Credit (the "Letter of Credit") issued by the Bank in favor of the Trustee as follows:

(1) The conditions to the acceptance of an "Alternate Credit Facility" set forth in the Indenture dated as of August 1, 1986 have been satisfied, and

(2) As Trustee under the Indenture, the Trustee has accepted such Credit Facility.

We are delivering herewith the Letter of Credit for cancellation.

Approved:

FLAGLER HOSPITAL, INC.

Very truly yours,

THE BANK OF NEW YORK,
as Trustee

By: _____

Title:

Date: _____

By: _____

Title:

* For delivery of the Letter of Credit for cancellation following delivery of an Alternate Letter of Credit under the Indenture.

REINSTATEMENT CERTIFICATE FOR PLEDGED BONDS

The undersigned, a duly authorized officer of The Bank of New York (the "Trustee"), hereby certifies to Kredietbank N.V. (the "Bank"), with reference to Irrevocable Letter of Credit No. (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

(1) The Trustee is the Trustee under the Indenture for the holders of the Bonds.

(2) The Trustee acknowledges the release by the Bank or its agent simultaneously herewith of \$_____ aggregate Principal amount of Bonds (the "Pledged Bonds") from the pledge of, and security interest in, the Bonds to the Bank in respect of a drawing under the Letter of Credit on Exhibit C or a Term Loan as defined in the Agreement.

(3) The Pledged Bonds have been resold for a purchase price at least equal to the Principal amount thereof, which Purchase price is being delivered herewith to the Bank for application in accordance with the Agreement.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the ____ day of _____, 19____.

THE BANK OF NEW YORK,
as Trustee

By: _____
Title: _____