

RESOLUTION NO. 2011-17

A RESOLUTION APPROVING THE ISSUANCE BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS HOSPITAL REVENUE REFUNDING BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 2011, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,500,000 IN ORDER TO OBTAIN FUNDS TO LOAN TO FLAGLER HOSPITAL, INC. FOR THE PURPOSE OF REFUNDING THE OUTSTANDING ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY HOSPITAL REVENUE BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 1996A AND HOSPITAL REVENUE BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 1996B; AND PROVIDING AN EFFECTIVE DATE.

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

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

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

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

A. At the request of Flagler Hospital, Inc. (the "Hospital"), St. Johns County Industrial Development Authority (the "Authority"), has heretofore issued \$28,000,000 in aggregate principal amount of its Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and \$28,000,000 in aggregate principal amount of its Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B (collectively, the "Series 1996 Bonds"), pursuant to a Bond Trust Indenture dated as of December 1, 1996, between the Authority and U.S. Bank National Association (successor in interest to SunTrust Bank), as trustee.

B. The Authority issued the Series 1996 Bonds for the purposes of (i) refunding the outstanding St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), the proceeds of which were used to finance the costs of the acquisition, construction and equipping of a new 115-bed acute care hospital facility now located at 400 Health Park Boulevard, south of the city limits of St. Augustine, Florida (the "City"), to be owned and used by the Hospital; (ii) paying or reimbursing the costs of the acquisition, renovation, construction and installation of certain health care facilities, including the

construction of a five-story acute care hospital patient tower containing approximately 156,000 square feet, which provides space for 63 private patient rooms, including a 12-bed critical care unit, consolidated emergency services, patient billing services, radiology, nuclear medicine and cardiology imaging services; the renovation of approximately 35,000 square feet of the existing Flagler East Campus hospital building to expand areas used for the central power plant, laboratory, dietary and dining; the construction of a new obstetrics/women's in-patient unit on the Flagler East Campus; the acquisition and installation of equipment and furnishings related to the foregoing and to the Hospital's existing facilities; all located or to be located at 400 Health Park Boulevard, south of the city limits of the City, and to be owned and operated by the Hospital; and (iii) paying the costs of issuance of the Series 1996 Bonds.

C. The Hospital has requested that the Authority issue its Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011 in an aggregate principal amount not to exceed \$12,500,000 (the "Bonds"), in order to obtain funds to loan to the Hospital for the purpose of refunding the outstanding Series 1996 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 St. Johns County, Florida (the "County") and of the State of Florida (the "State"), to increase purchasing power and opportunities for gainful employment, and to advance and improve the prosperity and the welfare of the State and its inhabitants, to improve health care and living conditions within the County, to foster the industrial and business development of the County and to otherwise provide for and contribute to the health, safety and welfare of the people of the State.

E. Notice of a public hearing to be held before the Authority, inviting comments and discussion concerning the nature of the projects to be refinanced by the Bonds as described in Section 3(B) above (collectively, the "Bond-Financed Project") and the issuance of the Bonds to refund the outstanding Series 1996 Bonds and thereby refinance a portion of the costs of the Bond-Financed Project (the "Notice of Hearing"), was published in the The St. Augustine Record, a newspaper of general circulation in the County, at least fourteen (14) days prior to the date of such public hearing. A copy of the affidavit in proof of publication of such Notice of Hearing is attached hereto as Exhibit A and incorporated herein by reference.

F. Following such notice, a public hearing was held by the Authority on January 10, 2011, upon notice during which comments and discussion concerning the issuance of the Bonds to refund the outstanding Series 1996 Bonds, and thereby refinance a portion of the costs of the Bond-Financed Project, were requested and allowed.

G. Following such hearing, the Authority adopted a resolution on January 10, 2010 authorizing the issuance of the Bonds (the "Bond Resolution") by the Authority for the

purposes aforesaid. A copy of the Bond Resolution is attached hereto as Exhibit B and incorporated herein by reference.

H. The Board of County Commissioners of the County (the "Board") is the elected legislative body of the County.

I. By the Bond Resolution, the Authority has recommended and requested that the Board approve the issuance of the Bonds, in order to satisfy the requirements of 125.01(1)(z), Florida Statutes, as amended and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code").

J. The Bonds shall not constitute a debt, liability or obligation of the County, the State or of any political subdivision thereof, other than a limited obligation of the Authority, or a pledge of the faith and credit of the Authority, the County, the State or of any such political subdivision, and neither the Authority, the County, the State nor any political subdivision thereof will be liable on the Bonds, nor will the Bonds be payable out of any funds other than the loan repayments and other funds pledged and assigned under the related Bond Indenture between the Authority and U.S. Bank National Association, as trustee.

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

SECTION 4. APPROVAL OF ISSUANCE OF BONDS. For purposes of Section 147(f) of the Code and the Act, the Board hereby approves the issuance by the Authority of the Bonds as contemplated by the Bond Resolution. This approval is given solely for the purposes of satisfying the requirements of the Code and the Act and is final and conclusive for such purposes. The granting of this approval shall not impose any liability upon the County with respect to the Bonds or the Bond Resolution.

SECTION 5. OTHER ACTION. The officers of the County are hereby authorized and directed to execute and deliver, or approve the execution and delivery of, such other documents and to take or approve the taking of such other actions as may be advised by the County's counsel or Foley & Lardner LLP, Bond Counsel, to be necessary or appropriate in connection with the consummation of the transactions contemplated by this Resolution.

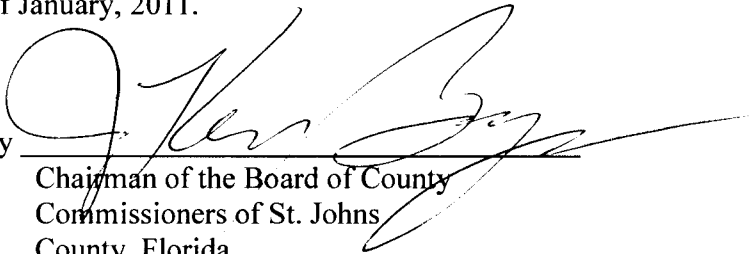
SECTION 6. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

SECTION 7. EFFECT OF TYPOGRAPHICAL AND/OR ADMINISTRATIVE ERRORS. To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board.

SECTION 8. EFFECTIVE DATE. This Resolution shall be effective immediately upon adoption by the Board.

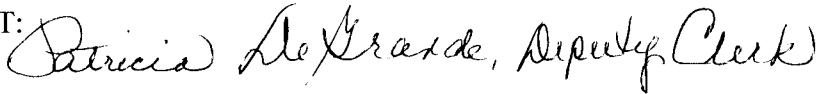
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PASSED AND ADOPTED this 18th day of January, 2011.

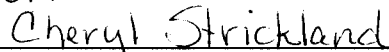
By 
Chairman of the Board of County
Commissioners of St. Johns
County, Florida

(OFFICIAL SEAL)

ATTEST:

By: 

For:



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

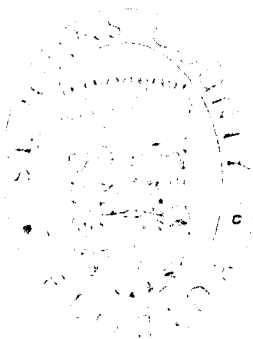


EXHIBIT A

Notice of Hearing

THE ST. AUGUSTINE RECORD

GEOFFREY B DOBSON PA
PO Box 3588
SAINT AUGUSTINE FL 32085

Ref# L4657-10
P.O.# MTG 01-10

PUBLISHED EVERY MORNING SUNDAY THRU SATURDAY
ST. AUGUSTINE AND ST. JOHNS COUNTY, FLORIDA

STATE OF FLORIDA
COUNTY OF ST. JOHNS

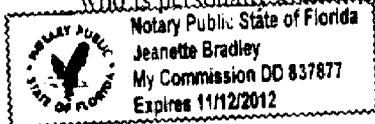
Before the undersigned authority personally appeared **BRIONNA HALL**
who on oath says that he/she is an Employee of the St. Augustine Record,
a daily newspaper published at St. Augustine in St. Johns County, Florida;
that the attached copy of advertisement being a **NOTICE OF MEETING**
In the matter of **SJC IDA TEFRA NOTICE - MEETING JANUARY 10, 2011**
was published in said newspaper on **12/23/2010**

Affiant further says that the St. Augustine Record is a newspaper published
at St. Augustine, in said St. Johns County, Florida, and that the said newspaper
heretofore has been continuously published in said St. Johns County, Florida,
each day and has been entered as second class mail matter at the post office in the
City of St. Augustine, in said St. Johns County, for a period of one year preceding
the first publication of the copy of advertisement; and affiant further says that
he/she has neither paid nor promised any person, firm or corporation any discount,
rebate, commission or refund for the purpose of securing the advertisement for
publication in the said newspaper.

Sworn to and subscribed before me this 23 day of Dec 2010

by Blak
or who has produced as identification

who is personally known to me



Jeanette Bradley

(Signature of Notary Public)

(Seal)

COPY OF ADVERTISEMENT

NOTICE OF PUBLIC MEETING AND PUBLIC HEARING OF THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

NOTICE is hereby given that a public meeting and hearing of the St. Johns County Industrial Development Authority (the "Authority") will be held on Monday, January 10, 2011, at 3:00 p.m. local time, in the Board of County Commissioners Conference Room, County Administration Building, Second Floor, 500 South San Sebastian Way, St. Augustine, Florida 32084, for the purposes of:

1. Holding a public hearing regarding the issuance by the Authority of its Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011, in an aggregate principal amount not to exceed \$17,500,000 (the "Series 2011 Bonds"). The Series 2011 Bonds are to be issued for the purpose of providing funds to the Authority to make a loan or loans to Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Hospital") for the purposes of refunding the Authority's outstanding Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B (together, the "Series 1996 Bonds"), the proceeds of which were used to (i) refund a portion of the St. Johns County, Florida Hospital Revenue Bonds, 1996 Series A (Flagler Hospital, Inc. Project), the proceeds of which were used to finance the costs of the acquisition, construction and equipping of a new 115-bed acute care hospital facility now located at 400 Health Park Boulevard, south of the city limits of St. Augustine, Florida (the "City"), to be owned and used by the Hospital and (ii) pay or reimburse the costs of the acquisition, renovation, construction and installation of certain health care facilities, including the construction of a five-story acute care hospital patient tower containing approximately 150,000 square feet, which provides space for 63 private patient rooms, including a 12-bed critical care unit, consolidated emergency services, patient billing services, radiology, nuclear medicine and cardiology imaging services; the renovation of approximately 35,000 square feet of the existing Flagler East Campus hospital building to expand areas used for the central power plant, laboratory, dietary and dining; the construction of a new obstetrics/women's in-patient unit on the Flagler East Campus; the acquisition and installation of equipment and furnishings related to the foregoing and to the Hospital's existing facilities; all located or to be located at 400 Health Park Boulevard, south of the city limits of the City, and to be owned and operated by the Hospital collectively the "Project"). The Series 2011 Bonds and the interest thereon will be limited obligations of the Authority payable solely from loan payments to be made by the Hospital under a financing agreement and other moneys pledged under the financing documentation. The Series 2011 Bonds will not constitute a general indebtedness or a charge against the general credit of the Authority, St. Johns County or the State of Florida. Neither the faith and credit of the Authority, the State of Florida or any political subdivision thereof will be pledged to the payment of the principal of and interest on the Series 2011 Bonds. The public hearing is required by Section 147(f) of the Internal Revenue Code, as amended (the "Code"). Any person interested in the proposed issuance of the Series 2011 Bonds or the Project may appear and be heard. Subsequent to the public hearing, the Authority and the Board of County Commissioners of the St. Johns County, Florida will consider whether to approve the Series 2011 Bonds, as required by Section 147(f) of the Code. The public hearing will be conducted in a manner that provides a reasonable opportunity to be heard for persons with differing views on the issuance of the Series 2011 Bonds and the location and nature of the Project. Any person desiring to be heard on this matter is requested to attend the public hearing or send a representative. Written comments (not exceeding 250 words) to be presented at the hearing may be submitted to the Authority at, and further information relating to this matter is available for inspection and copying during regular business hours at, the office of Geoffrey B. Dobson, Esq., Law Offices of Geoffrey Dobson, 16 Palmetto Avenue, St. Augustine, Florida 32085.
2. Considering and acting upon a resolution of the Authority authorizing the issuance and sale of the Series 2011 Bonds. In accordance with the American Disabilities Act, persons needing a special accommodation or an interpreter to participate in this proceeding should contact the St. Johns County at (904) 827-6891 or at the County Administration Building, 500 South San Sebastian Way, St. Augustine, Florida 32084, not later than 7 days prior to the date of this meeting. Comments made at the hearing and the meeting are for the consideration of the Authority, and will not bind any legal action to be taken by the Authority. IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE AUTHORITY WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH HEARING OR MEETING, SUCH PERSON WILL NEED A RECORD OF THE PROCEEDINGS AND, FOR SUCH PURPOSE, SUCH PERSON MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

Dated: December 23, 2010
ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

EXHIBIT B

Bond Resolution

STATE OF FLORIDA
COUNTY OF ST. JOHNS

I, Cheryl Strickland, CLERK OF THE CIRCUIT COURT, Ex-officio, Clerk of the Board of County Commissioners of St. Johns County, Florida,

DO HEREBY CERTIFY that the foregoing is a true and correct copy of the following:

RESOLUTION NO. 17

**Adopted by the Board of County Commissioners of St. Johns
County, Florida, at a Regular Meeting of said Board held
January 18, 2011.**

as the same appears of record in the office of the Clerk of the Circuit Court of St. Johns County, Florida, of the public records of St. Johns County, Florida.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office this
18th day of January, 2011.

CHERYL STRICKLAND
CLERK OF THE CIRCUIT COURT
Ex-officio Clerk of the Board of County
Commissioners of St. Johns County, Florida

(SEAL)



By: Patricia DeGrande
Patricia DeGrande, Deputy Clerk

RESOLUTION NO. 2011-1

A RESOLUTION PROVIDING FOR THE ISSUANCE BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS HOSPITAL REVENUE REFUNDING BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 2011, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,500,000 (THE "BONDS"), AND FOR A LOAN BY THE AUTHORITY TO FLAGLER HOSPITAL, INC. IN A PRINCIPAL AMOUNT EQUAL TO THE PRINCIPAL AMOUNT OF THE BONDS, FOR THE PURPOSE OF REFUNDING THE OUTSTANDING ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY HOSPITAL REVENUE BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 1996A AND HOSPITAL REVENUE BONDS (FLAGLER HOSPITAL, INC. PROJECT), SERIES 1996B; PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND FOR THE PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND INDENTURE AND LOAN AGREEMENT; APPROVING THE TRUSTEE FOR THE BONDS; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS REQUIRED IN CONNECTION WITH THE FOREGOING; AUTHORIZING A DELEGATED NEGOTIATED SALE OF THE BONDS, APPROVING THE CONDITIONS FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE BONDS; PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE MEMBERS OF THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 159, Parts II and III, Florida Statutes, as from time to time amended, and other applicable provisions of law.

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

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

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

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

"Bond-Financed Projects" means the projects refinanced by the Bonds, as described in Section 3(B) herein.

"Bonds" means the St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011, authorized to be issued by the Authority pursuant to Section 5 hereof.

"Chairman" means the Chairman or Vice Chairman of the Authority.

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

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and each reference to a Section of the Code herein, shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such Section which are applicable to the Bonds or the use of the proceeds thereof.

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

"Foundation" shall mean Flagler Health Care Foundation, Inc., and its successors and assigns.

"Governing Body" means the Authority.

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

"Indenture" means the Bond Indenture to be executed by the Authority and the Trustee, substantially in the form attached hereto as Exhibit B and incorporated herein by reference.

"Loan Agreement" means the Loan Agreement to be executed by and between the Authority and the Hospital, substantially in the form attached hereto as Exhibit A and incorporated herein by reference.

"Master Indenture" means the Master Trust Indenture dated as of August 1, 1992, by and among the Hospital, the System, the Foundation and the Master Trustee, as supplemented and amended from time to time.

"Master Note, Series 2011, No. 1" means Master Note, Series 2011, No. 1 issued and delivered by the Hospital under the Master Indenture and the Supplemental Indenture for Master Note, Series 2011, No. 1 and delivered to the Authority as additional security for the repayment

of the loan and the performance of the Hospital's obligations under the Loan Agreement and which will be assigned by the Authority to the Trustee as security for the Bonds.

"Master Trustee" means U.S. Bank National Association (successor to Sun Bank, National Association) or any successor trustee under the Master Indenture.

"Purchase Contract" shall mean the Bond Purchase Agreement to be executed among the Authority, the Hospital, the System, the Foundation and the Purchaser, substantially in the form attached hereto as Exhibit C.

"Purchaser" shall mean PNC Bank, N.A., and/or one or more commercial banks which shall be designated by the Hospital and approved by the Chairman, such approval to be conclusively evidenced by the Chairman's execution of the Purchase Contract, and their respective successors and assigns, as purchaser of the Bonds.

"Secretary" means the Secretary or Treasurer of the Authority.

"Series 1996 Bonds" means, collectively, the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A, issued under that certain Bond Trust Indenture dated as of December 1, 1996 (the "1996 Indenture") in the original aggregate principal amount of \$28,000,000 on December 18, 1996 and the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B, issued under the 1996 Indenture in the original aggregate principal amount of \$28,000,000 on December 18, 1996.

"State" means the State of Florida.

"System" shall mean Flagler Health Care System, Inc., and its successors and assigns.

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

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

A. The Authority is a public body corporate and politic duly created and existing as a local governmental body and duly constituted as a public instrumentality for the purposes of facilitating the financing and refinancing of industrial development, health care, and other projects under and by virtue of Part III of Chapter 159, Florida Statutes, as amended, and is duly authorized and empowered by the Act to finance and refinance the acquisition, construction, reconstruction, improvement, rehabilitation, renovation, expansion and enlargement, or additions to, furnishing and equipping of certain capital projects, including any "project" for any "health care facility" (as the quoted terms are defined in the Act), including land, rights in land, buildings and other structures, machinery, equipment, appurtenances and facilities incidental thereto, and other improvements necessary or convenient therefore, and to obtain funds to finance the cost thereof by the issuance of its revenue bonds, and to issue its revenue refunding bonds for the purpose of refunding any outstanding revenue bonds issued under the Act to

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

B. On December 18, 1996, the Authority issued the Series 1996 Bonds for the purposes of (i) refunding a portion of the outstanding St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), the proceeds of which were used to finance the costs of the acquisition, construction and equipping of a new 115-bed acute care hospital facility now located at 400 Health Park Boulevard, south of the city limits of St. Augustine, Florida (the "City"), to be owned and used by the Hospital and (ii) pay or reimburse the costs of the acquisition, renovation, construction and installation of certain health care facilities, including the construction of a five-story acute care hospital patient tower containing approximately 156,000 square feet, which provides space for 63 private patient rooms, including a 12-bed critical care unit, consolidated emergency services, patient billing services, radiology, nuclear medicine and cardiology imaging services; the renovation of approximately 35,000 square feet of the existing Flagler East Campus hospital building to expand areas used for the central power plant, laboratory, dietary and dining; the construction of a new obstetrics/women's in-patient unit on the Flagler East Campus; the acquisition and installation of equipment and furnishings related to the foregoing and to the Hospital's existing facilities; all located or to be located at 400 Health Park Boulevard, south of the city limits of the City, and to be owned and operated by the Hospital and (iii) paying the costs of issuance of the Series 1996 Bonds. The Authority has been advised that a refunding the outstanding Series 1996 Bonds in the manner provided in the Indenture will be advantageous to the Hospital and will advance the public purposes of providing adequate medical care and health facilities in the County, which medical care and health facilities are necessary to improve the public health and the commerce, welfare and prosperity of the County and its inhabitants. The Hospital has requested the Authority to issue the Bonds in order to obtain funds to loan to the Hospital for the purpose of refunding the outstanding Series 1996 Bonds to be refunded as provided in the Indenture.

C. The Authority made the findings and determinations required pursuant to Section 159.29, Florida Statutes, as amended, regarding the Bond-Financed Projects in Resolution 96-6 adopted by the Authority on October 30, 1996, as supplemented by Resolution 96-8 adopted by the Authority on December 12, 1996.

D. A public hearing was held by the Authority, on behalf of the Authority and the Board of County Commissioners of the County, on January 10, 2011, upon public notice published in The St. Augustine Record, a newspaper of general circulation in the County, not less than 14 days prior to the scheduled date of such public hearing, at which hearing members of the public were offered reasonable opportunity to be heard on all matters pertaining to the location and nature of the Bond-Financed Projects and to the issuance of the Bonds. The public hearing provided a reasonable opportunity for interested individuals to express their views, both

orally and in writing, on the proposed issuance of the Bonds and the location and nature of the Bond-Financed Projects, and was held in a location which, under the facts and circumstances, was convenient for residents of the affected governmental units. The notice was reasonably designed to inform residents of the affected governmental units of the proposed issue, stated that the Issuer would be the issuer of the Bonds, stated the time and place for the hearing, and contained the information required by the Code. The 14-day period was adequate for notice to be brought to the attention of all interested persons, exceeds the normal periods for notices of public hearings conducted by other affected governmental units, various agencies thereof and the State, and provided sufficient time for interested persons to prepare for and express their views at such hearing.

E. As of the date hereof, the Hospital is financially responsible based upon the criteria established by the Act, and the Hospital is fully capable and willing to fulfill its obligations under the Loan Agreement, the Master Indenture, as supplemented, and any other agreements to be made in connection with the issuance of the Bonds and the use of the Bond proceeds for refinancing a part of the cost of the Bond-Financed Projects and refunding the outstanding Series 1996 Bonds, including the obligation to pay loan payments in an amount sufficient in the aggregate to pay all of the interest, principal, and redemption premiums, if any, on the Bonds, in the amounts and at the times required, the obligation to operate, repair and maintain at its own expense the Bond-Financed Projects and the other properties and facilities of the Hospital, and to serve the purposes of the Act and such other responsibilities as may be imposed under such agreements, due consideration having been given to the financial condition of the Hospital, the Hospital's ratio of current assets to current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of the industry or business and of the activity involved, the inherent stability thereof, the Master Indenture, as supplemented, and other factors determinative of the capability of the Hospital, financially and otherwise, to fulfill its obligations consistently with the purposes of the Act. The payments to be made by the Hospital to the Authority and the other security provided by the Loan Agreement, the Indenture, the Master Indenture, as supplemented, and the Master Note, Series 2011, No. 1 are adequate within the meaning of the Act for the security of the Bonds.

F. The Authority is advised that due to the present volatility of the market for public obligations such as the Bonds, it is in the best interest of the Authority to sell the Bonds by a delegated negotiated sale, allowing the Authority to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Authority to obtain the best possible price, interest rate and other terms for the Bonds and, accordingly, the Authority does hereby find and determine that it is in the best financial interest of the Authority that a delegated negotiated sale of the Bonds be authorized.

SECTION 4. REFUNDING AUTHORIZED. The refunding of the outstanding Series 1996 Bonds in the manner provided in the Indenture and the Loan Agreement is hereby authorized.

SECTION 5. AUTHORIZATION OF THE BONDS. For the purpose of refunding a portion of the outstanding Series 1996 Bonds, as described in the Indenture, the Bonds in an aggregate principal amount not exceeding twelve million five hundred thousand dollars (\$12,500,000), containing such terms and conditions as are provided in the Indenture and

in the form and manner described herein and in the Indenture, are hereby approved. All of the provisions of the Bonds, when executed, authenticated and delivered, shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 6. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. The Loan Agreement, substantially in the form attached hereto as Exhibit A with such changes, corrections, insertions and deletions as may be approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Loan Agreement, and to deliver the Loan Agreement to the Hospital; and all of the provisions of the Loan Agreement, when executed and delivered by the Authority as authorized herein and by the Hospital, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 7. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE INDENTURE AND ITS EXHIBIT. The Indenture and its exhibit, substantially in the forms attached hereto as Exhibit B with such changes, corrections, insertions and deletions as may be approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Indenture, and deliver the Indenture to the Trustee; and all of the provisions of the Indenture, when executed and delivered by the Authority as authorized herein, and by the Trustee, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. SALE OF BONDS; AUTHORIZATION OF EXECUTION AND DELIVERY OF PURCHASE CONTRACT. The Chairman of the Authority is hereby authorized and directed to award the negotiated sale of the Bonds to the Purchaser, at the request of the Hospital, in an aggregate principal amount which shall not exceed \$12,500,000, with an initial Bank Loan Fixed Rate (as defined in the Indenture) for the Bonds not in excess of three and one half percent (3.5%) per annum and with a final maturity date not later than eight (8) years after the date of issuance of the Bonds, and with such other final terms, as approved by the Hospital, the System, the Foundation and the Chairman of the Authority. The proposed form of the Purchase Contract presented by the Purchaser and attached hereto as Exhibit C is hereby approved, with such changes, corrections, insertions and deletions as may be approved by the Hospital, the System, the Foundation and the Chairman of the Authority prior to the execution and delivery thereof, and approval of such changes, corrections, insertions and deletions shall be conclusively presumed by the execution thereof; the Chairman of the Authority is hereby authorized to accept the offer of the Purchaser to purchase the Bonds as described herein, upon the terms and conditions of the offered Purchase Contract; the Chairman of the Authority is hereby authorized to execute the Purchase Contract for and on behalf of the Authority pursuant to the terms hereof, and upon the execution of the Purchase Contract by the other parties thereto, Bond Counsel is to deliver the Purchase Contract to the Purchaser.

The Chairman of the Authority and the other officers, agents and employees of the Authority are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions hereof and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the Bonds herein authorized which is not hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract, is hereby canceled and rescinded.

SECTION 9. APPROVAL OF TRUSTEE. U.S. Bank National Association, a national banking association, Orlando, Florida, is hereby approved to serve as Trustee under the Indenture.

SECTION 10. APPROVAL OF CONVERSION OF INTEREST RATE MODE, CREDIT FACILITY, LIQUIDITY FACILITY AND REMARKETING AGREEMENT. The conversion of the interest rate modes applicable to the Bonds from time to time (and in connection therewith, the delivery of a Credit Facility and/or Liquidity Facility and the appointment of a Remarketing Agent), all as provided in the Indenture, are hereby approved.

SECTION 11. AUTHORIZATION OF AMENDMENTS. The execution, delivery and performance of amendments to the Indenture, the Loan Agreement, and related documents to (i) change the amount of or the mechanics used in the determination of the Bank Loan Rate (as defined in the Indenture) from time to time, as agreed to by the Hospital and the owner(s) of the Bonds, (ii) permit or facilitate a change in the interest rate mode applicable to the Bonds, the delivery of a Credit Facility and/or Liquidity Facility for the Bonds, the appointment of a remarketing agent, the creation and funding of a debt service reserve fund under the Indenture, if determined to be desirable by the Hospital, or the issuance of ratings of the Bonds by one or more rating agencies, or (iii) for such other purpose as does not materially change the basic purposes, terms, and provisions of the Bonds approved hereby, are hereby authorized. Any such amendments shall be executed by the Chairman of the Authority and attested by the Secretary of the Authority, and shall be in such form as may be approved by the Chairman of the Authority, and the execution of any such amendments by the Chairman of the Authority and attestation thereof by the Secretary of the Authority as hereby authorized shall be conclusive evidence of any such approval.

SECTION 12. APPROVAL OF REMARKETING CIRCULAR. The distribution of a Remarketing Circular (and a Preliminary Remarketing Circular) relating to the Bonds by a remarketing agent, in substantially the form attached hereto as Exhibit D, with such information as may be necessary and appropriate to indicate the particular interest rate mode to which the Bonds are being converted and to describe the provider of any Credit Facility and/or Liquidity Facility, is hereby authorized and approved in connection with any remarketing of the Bonds upon a change in the interest rate mode or otherwise upon the optional or mandatory tender of the Bonds for purchase pursuant to the Indenture.

SECTION 13. NO VALIDATION. The Bonds shall not be required to be validated pursuant to Chapter 75, Florida Statutes, as amended.

SECTION 14. AUTHORIZATION OF EXECUTION OF AUTHORITY'S NONARBITRAGE CERTIFICATE AND FILINGS UNDER THE INTERNAL REVENUE CODE. The Authority hereby authorizes and directs any one or more of the Chairman and the Secretary of the Authority, being the persons hereby charged with the responsibility for issuing the Bonds, either alone or jointly, at the expense of the Hospital (1) to execute and deliver to the Hospital and the Trustee the certification required by Sections 1.103-13, 1.103-14 and 1.103-15 of the Regulations (relating to "arbitrage") promulgated under Section 148 of the Code, (2) to execute and file with the Internal Revenue Service Internal Revenue Service Form 8038, as required by Section 149(e) of the Code, and (3) to execute and make all such other certifications and filings as may be required under Section 103 of the Code; such certifications and other filings, when executed and delivered by the Authority as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if set forth verbatim herein; such certifications may be relied upon as the certifications of the Authority.

SECTION 15. APPROVAL BY THE BOARD. The Bonds shall not be issued unless their issuance is approved by the Board of County Commissioners of the County (the "Board"). The Board is hereby requested to approve the issuance of the Bonds by the Authority.

SECTION 16. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman and the Secretary of the Authority are hereby authorized and directed, either alone or jointly, under the official seal of the Authority, to execute and deliver certificates of the Authority certifying such facts as Authority's Counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver such other instruments, including but not limited to, deeds, assignments, bills of sale and financing statements, as shall be necessary or desirable to perform the Authority's obligations under the Loan Agreement and the Indenture, and to consummate the transactions hereby authorized.

The Chairman and the Secretary of the Authority are hereby authorized and directed, either alone or jointly, under the official seal of the Authority, to execute and deliver the Bonds and certificates of the Authority certifying such facts as Authority's Counsel, Purchaser's Counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver such other instruments, as shall be necessary or desirable to perform the Authority's obligations under this Resolution, the Indenture, the Loan Agreement, the assignments of the Master Note, Series 2011, No. 1 and the Purchase Contract, and to consummate the transactions hereby contemplated.

SECTION 17. NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, the Loan Agreement or the Indenture, or any certificate or other instrument to be executed on behalf of the Authority in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member, officer, employee or agent of the Authority in his or her individual capacity, and none of the foregoing persons nor any officer of the Authority executing the Bonds, the Loan Agreement or the Indenture, or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 18. NO THIRD PARTY BENEFICIARIES. Except as otherwise expressly provided herein or in the Bonds, the Loan Agreement or the Indenture, nothing in this Resolution, or in the Bonds, the Loan Agreement or the Indenture, express or implied, is intended or shall be construed to confer upon any person, firm, corporation or other organization, other than the Authority, the Obligated Group, the Trustee and the owners from time to time of the Bonds any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, the Loan Agreement or the Indenture, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Authority, the Obligated Group, the Trustee and the owners from time to time of the Bonds.

SECTION 19. PREREQUISITES PERFORMED. All acts, conditions and things relating to the passage of this Resolution, to the issuance, sale and delivery of the Bonds, to the execution and delivery of the Loan Agreement and the Indenture required by the Constitution or other laws of the State, to happen, exist and be performed precedent to the passage hereof, and precedent to the issuance, sale and delivery of the Bonds, to the execution and delivery of the Loan Agreement and the Indenture have either happened, exist and have been performed as so required or will have happened, will exist and will have been performed prior to such execution and delivery.

SECTION 20. COMPLIANCE WITH CHAPTER 218, PART III, FLORIDA STATUTES. The Authority hereby approves and authorizes the completion, execution and filing with the Division of Bond Finance, Department of General Services of the State of Florida, at the expense of the Hospital, of advance notice of the impending sale of the Bonds, of Bond Information Form BF2003/BF2004 and of a copy of Internal Revenue Service Form 8038, and any other acts as may be necessary to comply with Chapter 218, Part III, Florida Statutes, as amended.

SECTION 21. GENERAL AUTHORITY. The members of the Authority and its officers, attorneys, engineers or other agents or employees are hereby authorized to do all acts and things required of them by this Resolution, the Bonds, the Loan Agreement or the Indenture, and to do all acts and things which are desirable and consistent with the requirements hereof or of the Bonds, the Loan Agreement and the Indenture, for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or in the Bonds, the Loan Agreement and the Indenture.

SECTION 22. THIS RESOLUTION CONSTITUTES A CONTRACT. The Authority covenants and agrees that this Resolution shall constitute a contract between the Authority and the owners from time to time of the Bonds, and that all covenants and agreements set forth herein and in the Bonds, the Loan Agreement and the Indenture, to be performed by the Authority shall be for the equal and ratable benefit and security of the owners from time to time of the Bonds, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds.

SECTION 23. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants,

agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued under the Indenture.

SECTION 24. DELIVERY OF DOCUMENTS. Notwithstanding anything contained herein to the contrary, the documents described in Sections 6 through 8 shall not be delivered by the Authority until after the Board has approved the issuance of the Bonds.

SECTION 25. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

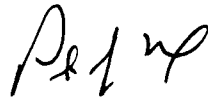
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SECTION 26. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

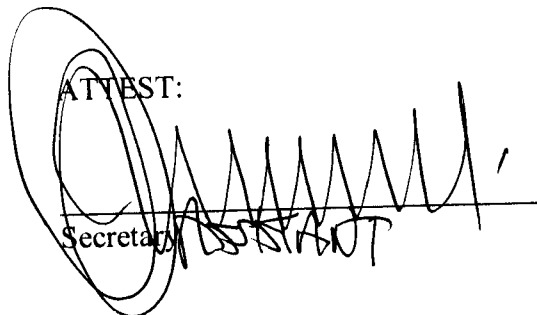
PASSED AND ADOPTED this 10th day of January, 2011.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

(OFFICIAL SEAL)

By: 
VICE Chairman

ATTEST:


Secretary

LIST OF EXHIBITS

Exhibit A	--	Loan Agreement
Exhibit B	--	Bond Indenture
Exhibit C	--	Bond Purchase Agreement
Exhibit D	--	Form of Remarketing Circular

EXHIBIT A
LOAN AGREEMENT

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

FLAGLER HOSPITAL, INC.

LOAN AGREEMENT

Dated as of January 1, 2011

Relating to

St. Johns County Industrial Development Authority
Hospital Revenue Refunding Bonds
(Flagler Hospital, Inc. Project)
Series 2011

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of January 1, 2011 (this "Loan Agreement"), between the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Authority"), and FLAGLER HOSPITAL, INC., a not for profit corporation duly organized and existing under the laws of the State of Florida (the "Hospital");

WITNESSETH:

ARTICLE I DEFINITIONS; INTERPRETATION

Section 1.1 Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Bond Indenture, dated as of January 1, 2011 (as amended or supplemented from time to time pursuant to its terms, the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee").

Section 1.2 Interpretation.

(a) Unless the context otherwise indicates, words expressed in 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, as appropriate.

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

Section 1.3 Content of Certificates and Opinions. Every certificate or opinion provided for in this Loan Agreement with respect to compliance with any provision hereof shall include: (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, such Person has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's signature is affixed; and (4) a statement as to whether, in the opinion of such Person, such provision has been satisfied.

Any such certificate or opinion made or given by an Authorized Officer of the Authority or an Authorized Representative of the Hospital may be based, insofar as it relates to legal, accounting or health care matters, upon a certificate or opinion of or representation by counsel, an accountant or a consultant, unless such Authorized Officer or Authorized Representative knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an

accountant or a consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the Hospital as the case may be) upon a certificate or opinion of or representation by an Authorized Officer of the Authority or an Authorized Representative of the Hospital unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Officer of the Authority or Authorized Representative of the Hospital or the same counsel or accountant or consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Loan Agreement, but different officers, counsel, accountants or consultants may certify to different matters, respectively.

ARTICLE II

ISSUANCE OF BONDS, SERIES 2011 MASTER NOTE

Section 2.1 The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Bond Indenture in the aggregate principal amount of \$12,500,000. The Hospital hereby approves the Bond Indenture, the assignment thereunder to the Bond Trustee of the right, title and interest of the Authority (with certain exceptions set forth in the Bond Indenture) in this Loan Agreement and the Series 2011 Master Note, and the issuance under the Bond Indenture by the Authority of the Bonds. All rights accruing to or vested in the Authority with respect to the Series 2011 Master Note may be exercised by the Bond Trustee.

Section 2.2 Issuance of the Series 2011 Master Note. In consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Bond Indenture, the Hospital agrees to issue, or cause to be issued, and to cause to be authenticated and delivered to the Authority or its designee, pursuant to the Master Indenture and the Supplement, concurrently with the issuance and delivery of the Bonds, the Series 2011 Master Note in substantially the form set forth in Exhibit A to the Supplement. The Authority agrees that the Series 2011 Master Note shall be registered in the name of the Bond Trustee. The aggregate principal amount of the Series 2011 Master Note shall be limited to \$12,500,000, except for any Master Note authenticated and delivered in lieu of the Series 2011 Master Note as provided in Section 6 of the Supplement with respect to the mutilation, destruction, loss or theft of the Series 2011 Master Note or, subject to the provisions of Section 5 of the Supplement, upon transfer of registration of the Series 2011 Master Note. Issuance and delivery of the Bonds by the Authority shall be a condition of the issuance and delivery of the Series 2011 Master Note.

Section 2.3 Restrictions on Number and Transfer of the Series 2011 Master Note.

(a) The parties hereto agree that, except as provided in subsection (b) of this Section, so long as any Bond remains Outstanding, the Series 2011 Master Note shall be issuable only as a single obligation without coupons, registered as to principal and interest in the name of the Bond Trustee, and no transfer of the Series 2011 Master Note shall be registered under the Master Indenture or be recognized by the Hospital except for transfers to a successor Bond Trustee.

(b) Upon the principal of all Master Notes Outstanding (within the meaning of that term as used in the Master Indenture) being declared immediately due and payable, the Series 2011 Master Note may be transferred if and to the extent that the Bond Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

ARTICLE III PAYMENTS

Section 3.1 Loan of Proceeds; Payments of Principal, Premium and Interest.

(a) The Authority hereby agrees to and hereby lends and advances to the Hospital, and the Hospital hereby borrows and accepts from the Authority, the net proceeds received from the sale of the Bonds, such proceeds to be applied under the terms and conditions of this Loan Agreement and the Bond Indenture. In consideration of the loan of such proceeds to the Hospital, the Hospital agrees to pay, or cause to be paid (1) to the Bond Trustee while the Bonds bear interest at a Commercial Paper Rate, Daily Rate, Weekly Rate or Term Rate (i) on or before the Business Day next preceding each Interest Payment Date, the full amount of the interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding (less any amounts on deposit in the Interest Account available for the payment of such interest) and (ii) on or before the Business Day next preceding each principal payment date the aggregate amount of principal becoming due and payable on the Outstanding Bonds, plus the aggregate amount of Sinking Fund Installment payments required to be paid into the Principal Account for Outstanding Bonds, in each case on such principal payment date (less any amounts on deposit in the Principal Account and available for the payment of such principal or Sinking Fund Installment payments) and (2) to the Bank Loan Rate Holder while the Bonds bear interest at a Bank Loan Rate (i) on or before the Business Day next preceding each Interest Payment Date, the full amount of interest becoming due and payable becoming due and payable on such Interest Payment Date on all Bonds then Outstanding and (ii) on or before the Business Day next preceding each principal payment date the aggregate amount of principal becoming due and payable on the Outstanding Bonds, plus the aggregate amount of Sinking Fund Installment payments required to be paid pursuant to the Bond Indenture, in each case on such principal payment date, all pursuant to and in accordance with the terms of the Bond Indenture. Notwithstanding the foregoing, the Hospital agrees to make payments, or cause payments to be made, at the times and in the amounts required to pay the principal or Redemption Price of and interest on the Bonds from time to time Outstanding under the Bond Indenture and other amounts required to be paid under the Bond Indenture, as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise. Such payments by the Hospital shall be known as "Loan Repayments".

(b) Except as otherwise expressly provided herein, all amounts payable hereunder by the Hospital to the Authority shall be paid to the Bond Trustee as assignee of the Authority and this Loan Agreement and all right, title and interest of the Authority in any such payments are hereby assigned and pledged to the Bond Trustee so long as any Bonds remain Outstanding.

(c) Except as otherwise expressly provided herein, all amounts payable with respect to the Series 2011 Master Note shall be paid to the Bond Trustee as assignee of the Authority and

this Loan Agreement and all right, title and interest of the Authority in any such payments are hereby assigned and pledged to the Bond Trustee so long as any Bonds remain Outstanding.

Section 3.2 Additional Payments. In addition to the Loan Repayments and payments on the Series 2011 Master Note, the Hospital shall also pay to the Authority, the Bank Loan Rate Holder, the Bond Trustee or the Refunded Bonds Trustee, as the case may be, "Additional Payments," as follows:

(a) All taxes and assessments of any type or character charged to the Authority or to the Bond Trustee affecting the amount available to the Authority, the Bank Loan Rate Holder or the Bond Trustee, as applicable, from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital or income of the Bond Trustee and other taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Hospital shall have the right to protest any such taxes or assessments and to require the Authority or the Bond Trustee, at the Hospital's expense, to protest and contest any such taxes or assessments levied upon them and that the Hospital shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Bond Trustee;

(b) All reasonable fees, charges, expenses and indemnities of the Bond Trustee hereunder and under the Bond Indenture, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports, or opinions or provide such other services required under this Loan Agreement, the Bonds, the Bond Indenture or the Series 2011 Master Note;

(d) The reasonable fees and expenses of the Authority, including any and all such reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or by counsel to the Authority in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Series 2011 Master Note, the Bonds or the Bond Indenture or any of the other documents contemplated thereby or otherwise in connection with the administration of this Loan Agreement;

(e) The reasonable expenses (direct or indirect) incurred by the Authority, in administering the Bonds or in carrying out this Loan Agreement and all other reasonable and necessary fees and expenses attributable to this Loan Agreement or the Series 2011 Master Note; and

(f) On or before January 21, 2011 the supplemental amounts required to be paid to the Refunded Bonds Trustee to effectuate the redemption and/or purchase and cancellation of the Refunded Bonds on or before February 2, 2011, as specified in the 1996 Trustee Instructions delivered on the Date of Issuance.

Such Additional Payments shall be billed to the Hospital by the Authority, the Bank Loan Rate Holder or the Bond Trustee from time to time as the case may be, together with a statement containing detail satisfactory to the Hospital and certifying that the amount billed has been incurred or paid by the Authority or the Bond Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Hospital within 30 days after receipt of the bill by the Hospital. The Authority shall cooperate with the Hospital in resolving any dispute relating to such Additional Payments. The Hospital shall have an opportunity to dispute any Additional Payments which it has not agreed to in advance and which it thinks are unreasonable and the time for payment of such disputed Additional Payments shall be extended until the matter is resolved; provided that no payment to the Authority shall be extended more than an additional 30 days.

The obligations of the Hospital under this Section shall survive the resignation or removal of the Bond Trustee under the Bond Indenture and payment of the Bonds and discharge of the Bond Indenture.

Section 3.3 Credits for Payments. The Hospital shall receive credit against its payments required to be made under Section 3.1, in addition to any credits resulting from payment or repayment from other sources, as follows:

- (a) on installments of interest in an amount equal to all amounts deposited in the Interest Account, to the extent such amounts have not previously been credited against such payments;
- (b) on installments of principal in an amount equal to all amounts deposited in the Principal Account, to the extent such amounts have not previously been credited against such payments;
- (c) on installments of principal and interest in an amount equal to the principal amount of Bonds for the payment at maturity or redemption of which sufficient amounts (as determined by Section 10.03 of the Bond Indenture) in cash or Defeasance Obligations are on deposit as provided in Section 10.03 of the Bond Indenture to the extent such amounts have not previously been credited against such payments, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal and interest which would have been used, but for such call for redemption, to pay principal of and interest on such Bonds when due at maturity or upon sinking fund installment payment redemption; and
- (d) on installments of principal and interest in an amount equal to the principal amount of Bonds acquired by the Hospital and surrendered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal and interest which would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due.

Section 3.4 Prepayment.

(a) The Hospital shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay or cause to be prepaid all or any part of the Loan Repayments, and the Authority agrees that the Bond Trustee, or the Bank Loan Rate Holder in the case of Bonds bearing interest at a Bank Loan Rate, shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash or deposit of Defeasance Obligations or surrender of Bonds, as contemplated by subsections 3.3(c) and (d) hereof. For Bonds bearing interest at a Commercial Paper Rate, Daily Rate, Weekly Rate or Term Rate, all such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Bonds) shall be deposited upon receipt in the Optional Redemption Account and, at the request of and as determined by the Hospital, credited against payments due hereunder or used for the redemption or purchase of Outstanding Bonds, in each case in the manner and subject to the terms and conditions set forth in the Bond Indenture. For Bonds bearing interest at a Bank Loan Rate, all such prepayments, any applicable Make-Whole Payment and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Bonds shall be paid directly to the Bank Loan Rate Holder which shall, at the request of and as determined by the Hospital, instruct the Bond Trustee to credit against payments due hereunder or used for the redemption or purchase of Outstanding Bonds, in each case in the manner and subject to the terms and conditions set forth in the Bond Indenture. Notwithstanding any such prepayment or surrender of Bonds, as long as any Bonds remain Outstanding or any Additional Payments required to be made hereunder remain unpaid, the Hospital shall not be relieved of its obligations hereunder.

(b) The Hospital may also prepay all of its indebtedness hereunder by providing for the payment of the Bonds in accordance with Article X of the Bond Indenture.

(c) If the Hospital is not in default in the payment of any payments required to be made hereunder, the Authority, at the request of the Hospital, at any time that there is on deposit with the Bond Trustee moneys or Defeasance Obligations in the amount necessary to pay or redeem all Bonds Outstanding (as provided in Article X of the Bond Indenture), shall forthwith take all steps that may be necessary to discharge the entire indebtedness on all Bonds Outstanding.

(d) In the event the Hospital shall determine that prepayments made pursuant to this Section shall be used to redeem Bonds, the Hospital shall provide the following notifications: (i) while the Bonds bear interest at a Commercial Paper Rate, Daily Rate, Weekly Rate or Term Rate, the Hospital shall provide the Trustee with notice of such determination no less than 35 days prior to the date of redemption selected and (ii) while the Bonds bear interest at a Bank Loan Rate, the Hospital shall provide the Trustee and the Bank Loan Rate Holder with notice of such determination no less than 15 days prior to the date of redemption selected.

Section 3.5 Payment of Purchase Price of Bonds.

(a) If a Liquidity Facility is not in effect with respect to the Purchased Bonds, or if the applicable Liquidity Facility Provider has not paid the full amount required by Section 4.11(D)(ii) of the Bond Indenture at the times required therein, the Hospital hereby agrees to pay to the Tender Agent all amounts necessary to purchase the Bonds pursuant to Section 4.10 of the Bond Indenture to the extent that remarketing proceeds are not sufficient to purchase such

Bonds. Each such payment by the Hospital to the Tender Agent pursuant to this Section shall be made in immediately available funds and shall be paid to the Tender Agent at its Principal Corporate Trust Office by 2:00 p.m., New York City time, on each date upon which Bonds are to be purchased pursuant to Section 4.11 of the Bond Indenture.

(b) Upon Conversion of the Bonds to a Term Rate with a Term Rate Period ending on the Maturity Date for such Bonds, the obligations of the Hospital pursuant to this Section 3.5 with respect to such Bonds shall be terminated following such Conversion.

(c) During a Bank Loan Rate Period, if any Bonds are tendered for purchase pursuant to and in accordance with Section 4.10 of the Indenture, the Hospital agrees to purchase such bonds pursuant to in accordance with Section 4.10 of the Indenture.

Section 3.6 Obligations Unconditional. The obligations of the Hospital hereunder and pursuant to the Series 2011 Master Note, including the obligation of the Hospital to pay the principal of and interest on such the Series 2011 Master Note, are absolute and unconditional, notwithstanding any other provision of this Loan Agreement, the Supplement, the Master Indenture or the Bond Indenture. Until this Loan Agreement is terminated and all payments hereunder are made, the Hospital:

(a) Will pay all amounts required hereunder and under the Series 2011 Master Note without abatement, deduction or set-off except as otherwise expressly provided in this Loan Agreement;

(b) Will not suspend or discontinue any payments due hereunder or under the Series 2011 Master Note for any reason whatsoever, including, without limitation, any right of set-off or counterclaim;

(c) Will perform and observe all its other agreements contained in this Loan Agreement; and

(d) Except as provided herein, will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, damage, destruction or condemnation of the health care facilities of the Hospital or the other Members of the Obligated Group or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Florida, or any political subdivision of either thereof, or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement. Nothing contained in this Section 3.6 shall be construed to release the Authority from the performance of any of the agreements on its part herein contained; and in the event the Authority should fail to perform any such agreement on its part, the Hospital may institute such action against the Authority as the Hospital may deem necessary to compel performance.

The rights of the Bond Trustee or any party or parties on behalf of whom the Bond Trustee is acting shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the Authority, the Master Trustee or the Bond Trustee owing to the Hospital (other than in connection with this

Loan Agreement), or by reason of any other indebtedness or liability at any time owing by the Authority, the Master Trustee or by the Bond Trustee to the Hospital.

Section 3.7 Condition Precedent. The obligation of the Authority to make the loan as herein provided shall be subject to the receipt by it of the proceeds of the issuance and sale of the Bonds.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY AND THE HOSPITAL

Section 4.1 Representations and Warranties of the Authority. The Authority makes the following representations and warranties to the Hospital:

- (a) The Authority was duly created and is validly existing under the laws of the State of Florida.
- (b) The Authority is duly authorized to enter into and to execute and deliver this Loan Agreement and the Bond Indenture, to undertake the transactions contemplated this Loan Agreement and the Bond Indenture, and to carry out its obligations hereunder and thereunder.
- (c) By duly adopted resolution, the Authority has duly authorized among other things, the execution and delivery of this Loan Agreement, and the Bond Indenture and the issuance, sale, execution and delivery of the Bonds.
- (d) The Authority, to the best of its knowledge, is not in default under or in violation of the Constitution or any laws of the State of Florida relevant to the issuance of the Bonds or the consummation of the transactions contemplated hereby or in connection with such issuance.

Section 4.2 Representations and Warranties of the Hospital. The Hospital makes the following representations and warranties to the Authority:

- (a) The Hospital is a not for profit corporation duly incorporated under the laws of the State of Florida, is in good standing under its articles of incorporation and the laws of the State, is duly authorized to operate its facilities and to provide health care facilities in accordance with the provisions of this Loan Agreement, has the power to enter into this Loan Agreement, the Master Indenture, the Supplement and the Series 2011 Master Note, and to carry out and consummate all transactions contemplated by this Loan Agreement, the Master Indenture, the Supplement and the Series 2011 Master Note, and the other documents necessary to consummate this loan transaction. The officers of the Hospital executing this Loan Agreement and such other documents as are being executed and delivered by the Hospital in connection with the issuance of the Bonds is duly and properly in office and fully authorized to execute this Loan Agreement and such other documents.

- (b) This Loan Agreement, the Master Indenture, the Supplement and the Series 2011 Master Note, have been duly authorized, executed and delivered by the Hospital.

(c) This Loan Agreement and the Series 2011 Master Note, when assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Hospital with the Bond Trustee enforceable against the Hospital in accordance with their terms for the benefit of the Owners of the Bonds, and any rights of the Authority and obligations of the Hospital not so assigned to the Bond Trustee constitute the legal, valid and binding agreements of the Hospital enforceable against the Hospital in accordance with their terms; except, in each case, as enforcement may be limited by bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization, other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles and judicial discretion, and by the covenant of good faith and fair dealing which may be implied by law in contracts.

(d) The execution and delivery of this Loan Agreement, the Supplement, the Series 2011 Master Note and the Master Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default under the articles of incorporation of the Hospital or of the other Members, their respective bylaws or any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Hospital or any other Member is a party or by which they or their respective properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Hospital or of the other Members, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, the Supplement, the Series 2011 Master Note or the Master Indenture or the financial condition, assets, properties or operations of the Obligated Group.

(e) No consent or approval of any trustee or holder of any indebtedness of the Hospital or of any other Member of the Obligated Group and no consent, permission, authorization, order, permit or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement, the Supplement, the Series 2011 Master Note or the Master Indenture or heretofore required for the consummation of any transactions herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Hospital, after reasonable investigation, threatened, against or affecting the Hospital or any other Member of the Obligated Group, relating to the Bonds, this Loan Agreement, the Bond Indenture, the Master Indenture, the Supplement or the Series 2011 Master Note, or the assets, properties or operations of the Hospital or any other Member of the Obligated Group which, if determined adversely to the Hospital or the other Members or their interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement, the Master Indenture, the Supplement or the Series 2011 Master Note, or upon the financial condition, assets, properties or operations of the Hospital or the other Members of the Obligated Group (except as has been disclosed to the Authority in writing), and the Hospital and the other Members are not in default with respect to any order or

decree of any court or any order or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, the Master Indenture, the Supplement or the Series 2011 Master Note, or the financial condition, assets, properties or operations of the Hospital or the other Members or their properties (except as has been disclosed to the Authority in writing). All tax returns (federal, state and local) required to be filed by or on behalf of the Hospital and the other Members have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Hospital or other Member, as applicable, in good faith, have been paid or adequate reserves have been made for the payment thereof. The Hospital and the other Members enjoy the peaceful and undisturbed possession of all of the premises upon which they are operating health care facilities.

(g) The Hospital is an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxation under Section 501(a) of the Code; the Hospital has received determination letters from the Internal Revenue Service to the foregoing effect which letters are still in full force and effect; and the Hospital has no "unrelated business taxable income" as defined in Section 512 of the Code which could have a material adverse effect on the Hospital's status as a Tax-exempt Organization, or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise, of the Hospital.

(h) None of the proceeds of the Bonds will be used directly or indirectly to pay, or directly or indirectly to refund indebtedness the proceeds of which were used to pay, for the acquisition, construction, renovation, remodeling or equipping or any of the expenses of any institution, place or building, or any portion thereof, primarily used or to be used for sectarian instruction or study or as a place for devotional activities or religious worship or in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or other similar persons in the field of religion.

(i) The projects to be refinanced by the issuance of the Bonds (the "Projects") are included within the definition of a "project" as defined in the Act; all costs of the Projects refinanced from the proceeds of the Bonds will constitute "costs" of a "health care facility" within the meaning of the Act; and the Hospital intends each Project to continue to be a "health care facility" under the Act throughout the term of this Loan Agreement. No information, exhibit or report furnished to the Authority by the Hospital in connection with the negotiation of this Loan Agreement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) The proceeds of the Bonds to be loaned to the Hospital hereunder to refinance the Project do not exceed the amount required to refinance the Projects.

(k) Upon the issuance of the Bonds, there will be no lien or encumbrance on the Projects other than Permitted Liens (as such term is defined in the Master Indenture) and Permitted Encumbrances (as such term is defined in the Supplemental Indenture for Master Note, Series 2011, No. 1).

(l) The Hospital is not in default and has not been in default at any time since December 31, 1975, as to payment of principal or interest with respect to any obligations issued or guaranteed by the Hospital.

ARTICLE V COVENANTS

Section 5.1 Compliance with Covenants, Conditions and Agreements in Master Indenture. The Hospital covenants that so long as the Bonds are outstanding it shall comply with, and with respect to the other Members of the Obligated Group (as defined in the Master Indenture) so long as they shall 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 in the Master Indenture and in this Agreement that is applicable to it

Section 5.2 Prohibited Uses. No portion of the proceeds of the Bonds will be used to refinance any facility, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

Section 5.3 Non-liability of the Authority. The Authority shall not be obligated to pay the principal of, and premium, if any, and interest on the Bonds, except from payments received hereunder, under the Series 2011 Master Note and other Revenues. Neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of, or premium, if any, or interest on, the Bonds. The Hospital hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Hospital hereunder, pursuant to the Series 2011 Master Note and other Revenues, together with amounts on deposit in, and investment income on, certain funds and accounts held by the Bond Trustee under the Bond Indenture, and hereby agrees that if the payments to be made hereunder and under the Series 2011 Master Note shall ever prove insufficient to pay all principal of, and premium, if any, and interest on, the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond Trustee, the Hospital shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Master Trustee, the Hospital, the Authority or any third party.

Section 5.4 Indemnification. The Hospital shall and hereby does indemnify and hold harmless the Authority, the Bond Trustee, the Master Trustee and all members, officers, directors, attorneys, agents, (including financial advisors) and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as Losses") of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of negligence or willful misconduct of any member, officer, director, attorney, agent, or employee of the Bond Trustee or the Master Trustee. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature, including but not limited to claims,

lawsuits, causes of action and other legal actions and proceedings, involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the Authority, the Bond Trustee, the Master Trustee, the Hospital and any other person) brought against or threatened to be brought against the Authority, the Bond Trustee, the Master Trustee or other persons hereby protected or to which the Authority, the Bond Trustee, the Master Trustee or such other person is a party, that directly or indirectly result from, arise out of or relate to (i) the design, construction, transfer, sale, operation, use, occupancy, maintenance or ownership of the Project, the Facilities or the Property or any part thereof or (ii) the execution, delivery or performance of this Loan Agreement, the Bond Indenture, the Master Indenture or any related instruments or documents. The obligations of the Hospital under this Section shall apply to all Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Loan Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Loan Agreement or thereafter. The Authority, the Bond Trustee, the Master Trustee or such other persons, as the case may be, shall reimburse the Hospital for payments made by the Hospital pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by the Authority, the Bond Trustee, the Master Trustee or such other persons from any insurance covering such Claims with respect to the Losses sustained. The Authority, the Bond Trustee and the Master Trustee shall have the duty to claim any such insurance proceeds and the Authority, the Bond Trustee and the Master Trustee shall assign their respective rights to such proceeds, to the extent of such required reimbursement to the Hospital. In case any action shall be brought against the Authority, the Bond Trustee, the Master Trustee or such other persons in respect of which indemnity may be sought against the Hospital, then the Authority, the Bond Trustee, the Master Trustee or such other persons as the case may be, shall promptly notify the Hospital in writing. Failure to notify the Hospital shall not relieve it from any liability that it may have other than on account of this Loan Agreement. The Hospital shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be satisfactory to the indemnified parties, and the payment of all expenses. The Bond Trustee, the Authority, the Master Trustee or such other persons, as the case may be, shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Bond Trustee, the Authority, the Master Trustee or such other persons, as the case may be, unless the employment of such counsel has been authorized by the Hospital or the Bond Trustee, the Authority, the Master Trustee or such other persons, as the case may be, has reasonably objected to a joint defense by the Hospital on the ground that there may be legal defenses available to it that are different from or in addition to those available to the Hospital, in which case the Bond Trustee, the Authority, the Master Trustee or such other persons, as the case may be, shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Hospital. If no reasonable objection is made and the Hospital assumes the defense of such action, the Hospital shall not be liable for the fees and expenses of any counsel for the Bond Trustee, the Authority, the Master Trustee or such other persons, as the case may be, incurred thereafter in connection with such action. In no event shall the Hospital be liable for the fees and expenses of more than one separate counsel for each of (i) the Bond Trustee and (ii) the other parties, in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Hospital.

Notwithstanding anything in this Section to the contrary, the Hospital shall not be liable to the Bond Trustee or the Master Trustee, as the case may be, for any losses or claims of the Bond Trustee or the Master Trustee, as the case may be, resulting from an act of or failure to take action by the Bond Trustee or the Master Trustee, as the case may be, that constitutes negligence or willful misconduct by the Bond Trustee or the Master Trustee, as the case may be.

Hospital shall pay, shall provide indemnity for, and shall indemnify the Authority, the Master Trustee, and the Bond Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in enforcing any covenant or agreement of the Hospital contained in this Loan Agreement or in performing their respective duties under the Bond Indenture or the Master Indenture.

Section 5.5 Tax Covenant. The Hospital covenants and agrees that it will at all times do and perform all acts and things permitted by law and this Loan Agreement which are necessary in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and will constitute a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Code and will take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Hospital agrees to comply with the provisions of the Tax Agreement. This covenant shall survive payment in full or defeasance of the Bonds.

Section 5.6 Compliance with United States and Florida Constitutions. The Hospital covenants and agrees that the admissions of patients to the health care facilities of the Obligated Group will not be restricted on racial or religious grounds and that no facility, place or building being refinanced with any portion of the proceeds of the Bonds has been used primarily for sectarian instruction or study or is a place for devotional activities or religious worship in any manner which is prohibited by (i) the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same, or (ii) any comparable provision of the Constitution of the State of Florida and the decisions of the Florida Supreme Court interpreting the same.

Section 5.7 Liquidity Facility, Alternate Liquidity Facility.

(a) The Hospital may, at any time at its sole option, furnish a Liquidity Facility (or, if a Liquidity Facility is then in existence, an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect) to the Tender Agent to provide for the purchase of Bonds upon their optional or mandatory tender in accordance with the provisions of the Bond Indenture. Any Liquidity Facility (or Alternate Liquidity Facility) shall be a facility provided by one or more commercial banks or other financial institutions in an amount equal to the Required Stated Amount.

(b) If a Liquidity Facility has been provided in accordance with subsection (a) of this Section, the Hospital: (1) shall maintain the Liquidity Facility or an Alternate Liquidity Facility, in an amount equal to the Required Stated Amount prior to its termination; (2) shall not voluntarily terminate the Liquidity Facility or any Alternate Liquidity Facility other than pursuant to the provisions set forth in Section 4.21 of the Bond Indenture; and (3) shall provide

at least 60 days written notice to the Bond Trustee and the Tender Agent of any voluntary termination pursuant to Section 4.21 of the Bond Indenture.

(c) Notwithstanding any other provision of this Loan Agreement, the Hospital shall provide a Liquidity Facility for the purchase of any Series of Bonds subject to optional tender in accordance with the provisions of the Indenture unless the applicable Credit Facility Provider shall agree in writing that the Hospital shall not be required to provide a Liquidity Facility for such Series of Bonds.

Section 5.8 Credit Facility; Alternate Credit Facility.

(a) The Hospital may, at any time at its sole option (subject to the provisions of the Bond Indenture), furnish an Alternate Credit Facility in substitution for the Credit Facility, or may, at any time at its sole option (subject to the notice and mandatory tender provisions set out in the Bond Indenture) proceed without a Credit Facility with respect to the Bonds.

(b) With respect to the Bonds while in a Weekly Interest Rate Period, the Hospital (1) shall not voluntarily terminate the Credit Facility or any Alternate Credit Facility without at least sixty (60) days written notice to the Bond Trustee, the Tender Agent, the applicable Liquidity Facility Provider (if any) and the applicable Remarketing Agent (if any), and providing for a mandatory tender of the Bonds prior to the effective date of termination.

(c) In lieu of the opinion of Counsel required by Section 4.24(A) of the Bond Indenture, there may be delivered an Opinion of Counsel addressed to the Authority, the Hospital, the Bond Trustee and the applicable Remarketing Agent and satisfactory to the Bond Trustee and the applicable Remarketing Agent to the effect that either (i) at all times during the term of the Alternate Credit Facility, the Bonds will be offered, sold and held by Holders in transactions not constituting a public offering of the Bonds or the Alternate Credit Facility under the Securities Act, and accordingly no registration of the Alternate Credit Facility under the Securities Act nor qualification of this Indenture under the Trust Indenture Act will be required in connection with the issuance and delivery of the Alternate Credit Facility or the remarketing of the Bonds with the benefits thereof, or (ii) the offering and sale of the Bonds, to the extent evidencing the Alternate Credit Facility, has been registered under the Securities Act and any indenture required to be qualified with respect thereto under the Trust Indenture Act has been so qualified. If the opinion described in clause (i) of this Section 5.9(d) is given, the Bonds and any transfer records relating to the Bonds shall be noted indicating the restrictions on sale and transferability described in clause (i).

Section 5.9 Exemption from Individual Liability.

No recourse under or upon any covenant or agreement of this Loan Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer, employee, agent, director, trustee or member of the governing body of the Hospital, or of any successor either directly or indirectly through the Hospital, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Loan Agreement and all obligations hereunder are solely corporate obligations, and that no personal liability whatsoever shall attach

to, or is or shall be incurred by, any incorporator, officer, employee, agent or member of the governing body of the Hospital or any successor of the Hospital, because of the issuance of the Bonds, or under or by reason of the covenants or agreement contained in this Loan Agreement or any express or implied obligations hereunder.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Each of the following events shall constitute and be referred to herein as a "Loan Default Event":

(a) Failure by the Hospital to pay in full any payment required hereunder or under the Series 2011 Master Note when due, whether at maturity, upon a date fixed for prepayment, by declaration or otherwise pursuant to the terms hereof;

(b) If any material representation or warranty made by the Hospital herein or made by the Hospital or any Member in any document, instrument or certificate furnished to the Bond Trustee or the Authority in connection with the issuance of the Series 2011 Master Note or the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(c) If the Hospital shall fail to observe or perform any covenant, condition, agreement or provision in this Loan Agreement on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, or shall breach any warranty by the Hospital herein contained, for a period of 60 days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the Hospital by the Authority or the Bond Trustee; except that, if such failure or breach can be remedied but not within such 60 day period and if the Hospital has taken all action reasonably possible to remedy such failure or breach within such 60 day period, such failure or breach shall not become a Loan Default Event for so long as the Hospital shall diligently proceed to remedy such failure or breach in accordance with and subject to any directions or limitations of time established by the Bond Trustee;

(d) If the Master Trustee shall have declared the aggregate principal amount of the Series 2011 Master Note and interest thereon immediately due and payable in accordance with Section 4.2 of the Master Indenture;

(e) Any Event of Default as defined in and under the Bond Indenture; or

(f) Any Event of Default as defined in and under the Master Indenture.

Upon having actual notice of the existence of a Loan Default Event, including the receipt by the Bond Trustee of written notice by a Holder of the occurrence of an Event of Default under the Bond Indenture, the Bond Trustee shall promptly serve written notice thereof upon the Hospital, the Credit Facility Provider (if any) and the Master Trustee unless the Hospital has expressly acknowledged the existence of such Loan Default Event in a writing delivered by the Hospital to the Bond Trustee, the Credit Facility Provider (if any) and the Master Trustee or filed by the Hospital in any court.

Section 6.2 Remedies on Default. If a Loan Default Event shall occur, then, and in each and every such case during the continuance of such Loan Default Event, the Bond Trustee on behalf of the Authority may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Hospital hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Hospital's performance hereunder (including, without limitation, the Series 2011 Master Note and the Master Indenture);

(b) By written notice to the Hospital declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under this Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) Take any action at law or in equity to collect the payment required hereunder then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Hospital hereunder.

Notwithstanding any other provision of this Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Bond Trustee shall not under any circumstances declare the entire unpaid aggregate amount of the payment due hereunder to be immediately due and payable except in accordance with the directions of the Master Trustee if the Master Trustee shall have declared the aggregate principal amount of the Series 2011 Master Note and all interest thereon immediately due and payable in accordance with Section 4.2 of the Master Indenture.

Section 6.3 Discontinuance or Abandonment of Default Proceedings. If any proceeding taken by the Bond Trustee on account of any Loan Default Event shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case the Authority, the Bond Trustee and the Hospital shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Authority and the Bond Trustee shall continue as though no such proceeding had taken place.

Section 6.4 Remedies Cumulative. No remedy conferred upon or reserved to the Authority or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Loan Default Event shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Authority or the Bond Trustee. In the event of any waiver of a Loan Default Event hereunder, the parties shall be

restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Loan Default Event or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

Section 6.5 Application of Moneys Collected. Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the provisions of Article VII of the Bond Indenture.

Section 6.6 Attorney's Fees and Other Expenses. If, as a result of the occurrence of a Loan Default Event, the Authority or the Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Hospital, the Hospital will, on demand, reimburse the Authority or the Bond Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 6.7 Notice of Default. The Hospital agrees that, as soon as is practicable, and in any event within 10 days, the Hospital will furnish the Bond Trustee, the Authority and the Credit Facility Provider or the Bank Loan Rate Holder, as applicable, notice of any event which is a Loan Default Event pursuant to Section 6.1 which has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Hospital proposes to take with respect thereto.

ARTICLE VII MISCELLANEOUS

Section 7.1 Amendments and Supplements. This Loan Agreement may be amended, changed or modified only with the written consent of the Bond Trustee, which consent shall not be unreasonably denied or delayed, in accordance with the provisions set forth in Section 6.08 of the Bond Indenture.

Section 7.2 Time of the Essence; Non-Business Days. Time shall be of the essence of this Loan Agreement. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 7.3 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Authority, the Hospital and the Bond Trustee and their respective successors and assigns, subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly given to it hereunder and under the Bond Indenture.

Section 7.4 Entire Agreement. This Loan Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 7.5 Severability. If the application of any covenant, agreement or provision, or any portion thereof contained in this Loan Agreement to any person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Loan Agreement and the application of such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Loan Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Loan Agreement and the Constitution and laws of the State of Florida.

Section 7.6 References to Parties and Documents Ineffective. From and after such time as there are no longer any Bonds Outstanding, and all fees and charges of the Issuer and any Paying Agents for the Bonds have paid or provided for, to their respective satisfaction, all references in this Loan Agreement to the Bonds shall be ineffective and the Owners of any of the Bonds shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested. From and after such time as there are no longer any Bonds Outstanding, and all fees and charges of the Issuer, the Trustee and any Paying Agents for Bonds have paid or provided for, to their respective satisfaction, all references in this Loan Agreement to the Bond Trustee and the Bond Indenture shall be ineffective and the Bond Trustee shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested.

At any time that the Bonds do not bear interest at a Bank Loan Rate, all references in this Loan Agreement to the Bank Loan Rate Holder shall be ineffective.

At any time that no Credit Facility is in effect, all references in this Loan Agreement to the Credit Facility Provider and the Credit Facility (except for references in Sections 5.7 and 5.8 to provide the same) shall be ineffective. At any time that no Liquidity Facility is in effect, all references in this Loan Agreement to the Liquidity Facility Provider and the Liquidity Facility (except for references in Sections 5.7 and 5.8 to provide the same) shall be ineffective.

Section 7.7 Notices.

(a) Unless otherwise specified herein, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same shall be sent by registered or certified mail, return receipt requested, or by private courier service which provides evidence of delivery, postage or other charges prepaid, or sent by telecopy or other electronic means which produces evidence of transmission, confirmed by first class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Each party may, by notice given to each other party as specified in this Section, designate any different addresses to which subsequent notices, certificates, requests, demands or other communications shall be sent.

(i) If to the Hospital:

Flagler Hospital, Inc.
400 Health Park Boulevard
St. Augustine, Florida 32086
Attention: President

Telephone: (904) 819-4400
Fax: (904) 819-4472

(ii) If to the Authority:

St. Johns County Industrial Development Authority
c/o Clerk of Court, St. Johns County Courthouse
Attention: Chairman, P.O. Drawer 300
St. Augustine, Florida 32085
Telephone: (904) 823-2457
Fax: (904) 823-2515

(iii) If to the Bond Trustee:

U.S. Bank National Association
Attn: Corporate Trust Department
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Telephone: (407) 237-4437
Fax: (407) 237-5299

(iv) If to the Master Trustee:

U.S. Bank National Association
Attn: Corporate Trust Department
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Telephone: (407) 237-4437
Fax: (407) 237-5299

(v) If to the registered Holder of a Bond, addressed to such Holder at the address shown on the books of the Bond Trustee kept for that purpose.

(b) The Hospital, the Authority, the Bond Trustee, the Master Trustee and the Credit Facility Provider, if any, may at any time and from time to time by notice in writing to the other Persons listed in Section 7.6(a) designate a different address or addresses for notice under this Loan Agreement.

Section 7.8 Term. Except as otherwise provided herein this Loan Agreement shall remain in full force and effect from the date of execution hereof until no Bonds remain Outstanding under the Bond Indenture and all payments required hereunder have been made.

Section 7.9 Consents or Approvals of the Authority. The Authority shall act promptly and in good faith with respect to requests under the Indenture or Loan Agreement for any consent or approval, and shall not withhold approval unless for stated public purposes, provided, however that notwithstanding anything herein to the contrary, whenever the consent or approval of the Authority is required by the terms of this Loan Agreement or the Bond Indenture, the sole

remedy for any claim based upon the unlawful withholding of consent or approval by the Authority shall be limited to appropriate injunctive or declaratory relief, including specific performance. In no event shall the Authority be liable for damages resulting from the withholding of consent or approval.

Section 7.10 Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 7.11 Governing Law. This Loan Agreement shall be governed by and construed according to the laws of the State of Florida.

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

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

(Seal)

By _____
Chairman

ATTEST:

By _____
Secretary

FLAGLER HOSPITAL, INC.

By _____
President

ATTEST:

By: _____
Assistant Secretary

[Signature Page to Loan Agreement]

EXHIBIT B
BOND INDENTURE

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION
as Bond Trustee

BOND INDENTURE

Dated as of January 1, 2011

St. Johns County Industrial Development Authority
Hospital Revenue Refunding Bonds
(Flagler Hospital, Inc. Project)
Series 2011

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THIS BOND INDENTURE, made and entered into as of January 1, 2011 (this "Bond Indenture"), between the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, being qualified to accept and administer the trusts hereby created (the "Bond Trustee");

WITNESSETH:

WHEREAS, the Authority is a public body corporate and politic of the State of Florida, and is authorized and empowered by the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to issue bonds for the purpose of financing the acquisition, renovation, construction and/or installation of health care facilities and for refinancing outstanding obligations heretofore issued under the Act to finance the acquisition, renovation, construction and/or installation of health care facilities and to secure the payment of such bonds; and to make the proceeds of any bonds available by way of loans to not-for-profit corporations for such purposes pursuant to loan agreements; and

WHEREAS, pursuant to Section 159.43, Florida Statutes, as amended, the Act mandates that the provisions of the Act shall be liberally construed to effect the purposes thereof; and

WHEREAS, Flagler Hospital, Inc. (the "Hospital") is a private, not for profit corporation organized and existing under the laws of the State of Florida and is engaged in the operation of a hospital which is licensed as a hospital under the laws of the State of Florida; and

WHEREAS, at the request of the Hospital, the Authority previously issued its Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B (collectively, the "Series 1996 Bonds"), to finance and refinance the costs of certain capital projects comprising "health care facilities" (as defined in the Act);

WHEREAS, in order to achieve debt service savings and certain other benefits, the Hospital has requested the assistance of the Authority in refunding the outstanding Series 1996 Bonds (the "Refunded Bonds");

WHEREAS, the Authority has agreed to assist the Hospital in refunding the Refunded Bonds through the issuance of its St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011 (the "Bonds") in the aggregate principal amount of \$12,500,000;

WHEREAS, the Authority has duly entered into a loan agreement with the Hospital (the "Loan Agreement"), specifying the terms and conditions of a loan by the Authority to the Hospital of the proceeds of the Bonds to provide for the refunding of the Refunded Bonds and of the payment by the Hospital to the Authority of amounts sufficient for the payment of the principal of, premium (if any) and interest on the Bonds and certain related expenses;

WHEREAS, simultaneously with the issuance of the Bonds, and as collateral security for the loan, the Hospital, as an issuer of Master Notes under and pursuant to the Master Trust Indenture dated as of August 1, 1992 by and among the Hospital, Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. and U.S. Bank National Association, as successor to SunTrust Bank (formerly Sun Bank, National Association), as Master Trustee (the "Master Indenture"), will execute and deliver to the Authority Master Note, Series 2011, No. 1 (the "Series 2011 Master Note"); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Bond Indenture;

WHEREAS, the Authority has certified that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Bond Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Bond Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Bond Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS BOND INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium (if any) on all Bonds at any time issued and outstanding under this Bond Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Bond Trustee, for the benefit of the holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Bond Indenture and of any Supplemental Bond Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in this Section 1.01, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Bond Indenture, all terms used herein shall have the meanings assigned to such terms in the Act.

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

Additional Payments means the payments so designated and required to be made by the Hospital pursuant to Section 3.2 of the Loan Agreement.

Administrative Fees and Expenses means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Bond Trustee, including Additional Payments.

Alternate Credit Facility means a letter of credit, including, if applicable, a confirming letter of credit, bond insurance policy or similar credit facility issued and delivered to the Bond Trustee or Tender Agent, as appropriate, in substitution for the then-existing Credit Facility, by a commercial bank, savings institution, insurer, pension fund or other financial institution, which by its terms shall constitute the irrevocable undertaking of the issuer thereof to pay the principal of and interest on the Bonds when due, provided, however, that any amendment, extension, renewal or substitution of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of this Indenture.

Alternate Credit Facility Purchase Date means the date the Bonds are subject to mandatory tender pursuant to Section 4.09 in connection with the delivery to the Bond Trustee of an Alternate Credit Facility.

Alternate Liquidity Facility means a standby bond purchase agreement, letter of credit, line of credit or similar liquidity facility issued by a commercial bank, savings institution, pension fund or other financial institution which, by its terms, shall provide for the payment of the Purchase Price of Bonds tendered and not remarketed, and delivered to the Bond Trustee, in substitution for the then-existing Liquidity Facility; provided, however, that any amendment, extension, renewal or substitution of the Liquidity Facility then in effect for the purpose of extending the Expiration Date of such Liquidity Facility or modifying such Liquidity Facility pursuant to its terms shall not be deemed to be an Alternate Liquidity Facility for purposes of this Bond Indenture.

Alternate Liquidity Facility Purchase Date means the date the Bonds are subject to mandatory tender pursuant to Section 4.09 in connection with the delivery to the Bond Trustee of an Alternate Liquidity Facility.

Applicable Margin means such applicable percentage per annum, as shall be agreed upon by the Bank Loan LIBOR Rate Holder and the Hospital for purposes of determining the Bank Loan LIBOR Rate pursuant to and in accordance with the terms hereof.

Authorized Denomination means (i) if the Interest Rate Mode is the Commercial Paper Rate, \$100,000 and \$1,000 multiples in excess thereof, (ii) if the Interest Rate Mode is the Daily Rate or the Weekly Rate, \$100,000 and \$5,000 multiples in excess thereof, (iii) if the Interest Rate Mode is the Term Rate, \$5,000 and integral multiples thereof and (iv) if the Interest Rate Mode is the Bank Loan Rate, the entire outstanding principal amount of the Bonds.

Authorized Officer means the Chairman, Vice Chairman or Executive Director of the Authority or such other person as may be designated and authorized to sign for the Authority and designated by the Chairman or Executive Director in writing to the Bond Trustee.

Authorized Representative means with respect to the Hospital, its chief executive officer or its chief financial officer or any other person designated as an Authorized

Representative of the Hospital by a Certificate of the Hospital signed by its chief executive officer or its chief financial officer and filed with the Bond Trustee.

Available Moneys means, if a Credit Facility is in effect, (i) moneys drawn under the Credit Facility which at all times since their receipt by the Bond Trustee or the Tender Agent were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys (other than those drawn under the Credit Facility) were at any time held, (ii) moneys which have been paid to the Bond Trustee or the Tender Agent by the Hospital and have been on deposit with the Bond Trustee or the Tender Agent for at least 124 days (or, if paid to the Bond Trustee or the Tender Agent by an "affiliate," as defined in Bankruptcy Code §101(2), of the Hospital, 366 days) during and prior to which no Event of Bankruptcy shall have occurred, (iii) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (iv) investment earnings on any of the moneys described in clauses (i), (ii) and (iii) of this definition; otherwise, if a Credit Facility is not in effect, "Available Moneys" means any moneys deposited with the Bond Trustee or the Tender Agent.

Bank means PNC Bank, N.A., and its successors and assigns, provided, however, that (i) if the assignee is an affiliate of PNC Bank, N.A., then Bank means PNC Bank, N.A. and (ii) if the assignee is the transferee of the Bonds, which entity is a commercial bank, then Bank means such transferee.

Bank Bonds means Bonds purchased by the Liquidity Facility Provider or Credit Facility Provider pursuant to a Liquidity Facility or Credit Facility during the period beginning on the date such Bonds are purchased until the earlier of (i) the date on which such Bonds are remarketed to a purchaser identified by the Remarketing Agent, or (ii) the date on which the Liquidity Facility Provider or the Credit Facility Provider elects pursuant to Section 4.27 not to sell such Bonds to a purchaser identified by the Remarketing Agent.

Bank Bond Rate means the rate per annum (if any) specified in a Liquidity Facility or Credit Facility Provider Agreement as applicable to Bank Bonds; provided, however, that if no such rate is specified in the Liquidity Facility or Credit Facility Provider Agreement then in effect, then Bank Bonds shall continue to bear interest and such interest shall accrue and be payable as specified in this Bond Indenture as if such Bank Bonds were not Bank Bonds.

Bank Default Tender Date means the date on which the Bonds will be subject to mandatory tender for purchase as a result of receipt by the Bond Trustee of notice from the Credit Facility Provider that an Event of Default under the Credit Facility Provider Agreement relating to such Credit Facility has occurred and is continuing, which date must be a Business Day no later than four days after the date of receipt of such notice by the Bond Trustee.

Bank Loan Fixed Rate Holder means the Bank, or such other Holder of the Bonds during any Bank Loan Fixed Rate Period.

Bank Loan Fixed Rate means the Interest Rate Mode in which the interest rate for the Bonds is a fixed interest rate agreed to by the Obligated Group and the Purchaser of the Bonds, and determined in accordance with the terms hereof, during a Bank Loan Fixed Rate Period, provided, if any amount of principal of and, to the extent legally enforceable, interest on, the Bonds shall not be paid when due (whether on stated dates of maturity on mandatory redemption of principal, or on any Interest Payment Date or on any date on which the Bonds have been optionally tendered for purchase pursuant to Section 4.06 hereof), such amount shall bear interest at a per annum rate equal to Base Rate, as adjusted as herein provided, plus 3%, from the scheduled date of payment to the date such payment thereof is made. The Bonds shall initially bear interest at the Initial Bank Loan Fixed Rate during the Initial Bank Loan Fixed Rate Period.

Bank Loan Fixed Rate Period means any period during which the Bonds bear interest at a Bank Loan Fixed Rate, including the Initial Bank Loan Fixed Rate Period. The Initial Bank Loan Fixed Rate Period shall commence on the Date of Issuance and shall extend until the earlier of the expiration of the Initial Bank Loan Fixed Rate Period, the day preceding a Conversion to a different Interest Rate Mode or the day preceding a Conversion to a subsequent Bank Loan Fixed Rate Period. In the case of any other Bank Loan Fixed Rate Period, such period shall commence on the Conversion Date to such Bank Loan Fixed Rate Period and extend until the day preceding the earlier of the Conversion to a different Interest Rate Mode, the Conversion to a subsequent Bank Loan Fixed Rate Period or the Maturity Date, as the case may be.

Bank Loan LIBOR Rate means the Interest Rate Mode in which the interest rate for the Bonds is the variable rate per annum determined on each Bank Loan LIBOR Rate Determination Date by either:

(A) adding the Applicable Margin to 65% of LIBOR, as adjusted from time to time, provided,

(1) LIBOR and the Daily LIBOR Rate shall be adjusted with respect to any amounts to which LIBOR or Base Rate applies, as applicable, on and as of the effective date of any change in the LIBOR Reserve Percentage. The Bank shall give prompt notice to the Hospital of LIBOR or the Daily LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error;

(2) if the Bank determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining LIBOR, then the Bank shall give notice thereof to the Hospital. Thereafter, until the Bank notifies the Hospital that the circumstances giving rise to such suspension no longer exist, (a) the availability of LIBOR shall be suspended, and (b) the interest rate for all amounts then bearing interest under LIBOR shall be converted at the expiration of the then current LIBOR Interest Period(s) to the Base Rate Option; or

(3) any amount of principal of and, to the extent legally enforceable, interest on, the Bonds shall not be paid when due, (whether on stated dates of maturity on mandatory redemption of principal, or on any Interest Payment Date or on any date on

which the Bonds have been optionally tendered for purchase pursuant to Section 4.06 hereof), such amount shall bear interest at a per annum rate equal to Base Rate, as adjusted as herein provided, plus 3%, from the scheduled date of payment to the date such payment thereof is made; or

(4) if, after the date of issuance of the Bonds, the Bank shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Bank to make or maintain or fund loans based on LIBOR, the Bank shall notify the Hospital. Upon receipt of such notice, until the Bank notifies the Hospital that the circumstances giving rise to such determination no longer apply, (a) the availability of LIBOR shall be suspended, and (b) the interest rate on all amounts then bearing interest under LIBOR shall be converted to the Base Rate either (i) on the last day of the then current LIBOR Interest Period(s) if the Bank may lawfully continue to maintain or fund loans based on LIBOR to such day, or (ii) immediately if the Bank may not lawfully continue to maintain or fund loans based on LIBOR; or

(B) such other method as shall be determined and established by the Authority, the Hospital, and the Bank Loan LIBOR Rate Holder prior to the commencement of the applicable Bank Loan Fixed LIBOR Rate Period in connection with the Conversion to such Bank Loan LIBOR Rate Period.

Bank Loan LIBOR Rate Determination Date means the Date of Issuance and the first Business Day of each calendar month thereafter; provided, however, that, solely for purposes of the definition of Base Rate, Bank Loan LIBOR Rate Determination Date shall mean the date of determination of the Base Rate.

Bank Loan LIBOR Rate Holder means the Holder of the Bonds during any Bank Loan LIBOR Rate Period.

Bank Loan LIBOR Rate Period means any period during which the Bonds bear interest at a Bank Loan LIBOR Rate, which period shall commence on any Conversion Date to a Bank Loan LIBOR Rate and shall extend until the day preceding the earlier of the Conversion to a different Interest Rate Mode, the Conversion to a subsequent Bank Loan LIBOR Rate Period or the Maturity Date.

Bank Loan Rate means the Bank Loan Fixed Rate or the Bank Loan LIBOR Rate, as the case may be.

Bank Loan Rate Holder means the Holder of the Bonds during any Bank Loan Rate Period.

Bank Loan Rate Period means the any period during which the Bonds Bear interest at a Bank Loan Rate.

Base Rate means the highest of (A) the Prime Rate, and (B) the sum of the Federal Funds Open Rate plus fifty (50) basis points (0.50%), and (C) the sum of the Daily LIBOR Rate plus one hundred (100) basis points (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful.

Bankruptcy Code means Title 11 of the United States Code, as amended, and any successor statute.

Beneficial Owner means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

Bond Counsel means a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, selected by the Hospital and acceptable to the Authority.

Bond Indenture means this Bond Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Bond Indenture.

Bond Trustee means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Bond Trustee hereunder as provided in Section 8.01.

Bond Purchase Fund means the fund by such name established by the Tender Agent pursuant to Section 4.01.

Bonds means the St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011.

Business Day means any day on which banks located in New York, New York, the city in which the Designated Office of the Bond Trustee is located and, as and to the extent applicable, the city in which the Designated Office of the Tender Agent and the city in which the office of the Liquidity Facility Provider or Credit Facility Provider at which notice of purchase under the Liquidity Facility or Credit Facility is to be presented is located are not required or authorized to be closed and on which The New York Stock Exchange is open; provided that for purposes of the definition of "Bank Loan LIBOR Rate Determination Date", a "Business Day" means any day on which banks in London and New York, New York are open for the transaction of international business.

Cancellation Date means the effective date of the cancellation of a Liquidity Facility by the Hospital.

Certificate, Statement, Request and Requisition of the Authority or the Hospital mean, respectively, a written certificate, statement, request or requisition signed in the name of the Authority by an Authorized Officer of the Authority, or in the name of the Hospital by an Authorized Representative of the Hospital, respectively. Any such instrument and supporting opinions or representations (if any) may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read

and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations promulgated thereunder, as the same may be amended from time to time.

Commercial Paper Rate means the Interest Rate Mode in which the interest rate for each Bond is determined during each Commercial Paper Rate Period applicable to that Bond, as provided in Section 2.09.

Commercial Paper Rate Period means, with respect to any Bond bearing interest at a Commercial Paper Rate, a period, which may be from one day to 270 days, determined for such Bond as provided in Section 2.09, which period shall commence on any Conversion Date to a Commercial Paper Rate and shall extend until the day preceding the earlier of the Conversion to a different Interest Rate Mode, the commencement of a subsequent Commercial Paper Rate Period or the Maturity Date.

Conversion means, from time to time and in accordance with the terms of this Bond Indenture, any conversion of Bonds in whole from one Interest Rate Mode to another Interest Rate Mode or, in the case of a Bank Loan Fixed Rate Period, a Bank Loan LIBOR Rate Period, a Commercial Rate Period or a Term Rate Period, the Conversion to a subsequent Bank Loan Fixed Rate Period, Bank Loan LIBOR Rate Period, Commercial Paper Rate Period or Term Rate Period, respectively.

Conversion Date means the date on which any Conversion becomes effective.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Hospital and related to the authorization, issuance, sale and delivery of the Bonds, including, but not limited to, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Bond Trustee, the Master Trustee, the Remarketing Agent, the Bank Loan LIBOR Rate Holder, the Tender Agent, initial credit facility fees and charges, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

Credit Facility means any instrument such as an irrevocable letter of credit, insurance policy or surety bond, guaranty or any combination of the foregoing, issued by a financial institution and/or corporation or other entity, which provides for the payment of the principal of and interest on the Bonds when due and payable hereunder, and upon the effectiveness of any Alternate Credit Facility, such Alternate Credit Facility.

Credit Facility Provider means the issuer of the Credit Facility, and upon the effectiveness of an Alternate Credit Facility, the issuer of such Alternate Credit Facility.

Credit Facility Provider Agreement means any agreement between the Hospital and the Credit Facility Provider, pursuant to which a Credit Facility is issued by the Credit Facility Provider, as the same may be amended or supplemented.

Daily LIBOR Rate means, for any day, the rate per annum determined by the Bank by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the LIBOR Reserve Percentage.

Daily Rate means the Interest Rate Mode in which the interest rate on the Bonds is determined on each Business Day in accordance with Section 2.05.

Daily Rate Period means the period beginning on, and including, the Conversion of Bonds to the Daily Rate and ending on, and including, the day preceding the next Business Day and each period thereafter beginning on, and including, a Business Day and ending on, and including, the day preceding the next succeeding Business Day until the day preceding the earlier of the Conversion of the Bonds to a different Interest Rate Mode or the Maturity Date.

Date of Issuance means January 21, 2011.

Defeasance Obligations means: (i) Government Obligations; or (ii) cash; or (iii) such other Investment Securities as are described in published guidelines of the Rating Agencies then providing ratings on the Bonds as being approved by such Rating Agencies for defeasance escrow deposits for bonds that upon being so defeased shall have highest ratings given by such Rating Agencies.

Designated Office means, with respect to the Bond Trustee and the Tender Agent, respectively, the office of the Bond Trustee and the Tender Agent so designated in writing by the Bond Trustee and the Tender Agent to the Authority and the Hospital, which as of the date hereof are located at the respective addresses set forth in Section 11.07.

DTC means The Depository Trust Company, New York, New York.

Electronic Means means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

Eligible Bonds means any Bonds other than Bank Bonds or Bonds owned by, for the account of, or on behalf of, the Authority or any Member of the Obligated Group or any Affiliate (as such term is defined in the Master Indenture) of any Member of the Obligated Group.

Event of Bankruptcy means any of the following events:

(i) The Hospital (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Loan Agreement, the Series 2011 Master Note, the Master Indenture or a Credit Facility Provider Agreement, or an "affiliate" of the Hospital as defined in Bankruptcy Code § 101(2)) or the Authority shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Hospital (or such other Person) or the Authority or of

all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the Hospital (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Loan Agreement, the Series 2011 Master Note, the Master Indenture or a Credit Facility Provider Agreement, or an "affiliate" of the Hospital as defined in Bankruptcy Code § 101(2)) or the Authority in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Hospital (or any such other Person) or the Authority, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Hospital (or any such other Person) or the Authority or of all or any substantial part of their respective property, or (c) similar relief in respect of the Hospital (or any such other Person) or the Authority under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

Event of Default means any of the events specified in Section 7.01.

Expiration Date, when used with respect to a Liquidity Facility or Credit Facility, means the date upon which the Liquidity Facility or Credit Facility is scheduled to expire (taking into account any extensions of such Expiration Date by virtue of extensions of such Liquidity Facility or Credit Facility, from time to time) in accordance with its terms.

Failure Date means any day on which the Remarketing Agent fails to determine the Daily Rate, Weekly Rate or Commercial Paper Rate, as provided in Section 2.05(A), 2.06(A) or 2.08(A), as applicable.

Failure Date LIBOR Index means, for any Failure Date, the rate per annum equal to (a) the rate determined by the Remarketing Agent to be the offered rate which appears on the page of the Reuters Screen which displays an average British Bankers Association Interest Settlement Rate (such page currently being Reuters Screen LIBOR01 Page) for deposits with a term equivalent to one (1) month in United States Dollars, determined as of approximately 11:00 a.m. (London, England time) two (2) Business Days prior to the Failure Date, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum equal to the rate determined by the Remarketing Agent to be the offered rate on such other page or other service which displays an average British Bankers Association Interest Settlement Rate for deposits with a term equivalent to one (1) month in United States Dollars, determined as of approximately 11:00 a.m. (London, England time) two (2) Business Days prior to such Failure Date, or (c) in the event the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum equal to quotation rate (or the arithmetic mean of rates) offered to first class banks in the London interbank market for deposits in United States Dollars of amounts in same day funds comparable to the principal amount of Bonds Outstanding, for which the LIBOR Index is then being determined with maturities comparable to one (1) month as of approximately 11:00 a.m. (London, England time) two (2) Business Days prior to such Failure Date.

Favorable Opinion means an opinion of Bond Counsel addressed to the Authority and the Bond Trustee to the effect that the action proposed to be taken is authorized or permitted by this Bond Indenture and will not, in and of itself, adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds.

Federal Funds Open Rate means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Bank (an "**Alternate Source**") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Federal Funds Open Rate without notice to the Hospital.

Fiscal Year shall have the meaning ascribed to such term in the Master Indenture.

Fitch means Fitch Ratings and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Hospital by notice in writing to the Authority and the Bond Trustee.

Funding Amount means the amount (if any) by which the total Purchase Price of Purchased Bonds exceeds the amount then on deposit in the Remarketing Proceeds Account.

Government Obligations means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form) and (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America.

Holder or **Bondholder**, whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

Hospital means Flagler Hospital, Inc., a not for profit corporation duly organized and existing under the laws of the State of Florida or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under the Master Indenture.

Hospital Purchase Account means the Hospital Purchase Account in the Bond Purchase Fund established pursuant to Section 4.11.

Immediate Notice means notice by Electronic Means as the addressee shall have directed in writing, promptly followed by written notice by first class mail postage prepaid to such address as the addressee shall have directed in writing.

Initial Bank Loan Fixed Rate means the initial Bank Loan Fixed Rate which the Bonds shall bear during the Initial Bank Loan Fixed Rate Period, which shall be equal to 2.66% per annum, subject to adjustment as provided herein. In the event of changes in the Obligated Group's underlying long-term debt rating, as determined by a Rating Agency, the Initial Bank Loan Fixed Rate shall increase or decrease as follows:

<u>Long-Term Debt Rating</u>	<u>Rate Increase (Decrease)</u>
A1/A+ (and above)	(15 basis points)
A2/A	No change
A3/A-	No change
Baa1/BBB+	No change
Baa2/BBB	+ 15 basis points
Baa3/BBB-	+ 45 basis points

In the event of a split rating, the lower rating will be used for the determination of the Bank Loan Fixed Rate increase or decrease above.

Initial Bank Loan Fixed Rate Period means the initial Bank Loan Fixed Rate Period during which the bonds shall bear interest at the Initial Bank Loan Fixed Rate, commencing on the Date of Issuance and ending on December 15, 2016.

Interest Account means the account by that name in the Revenue Fund established pursuant to Section 5.02.

Interest Component means the maximum amount stated in a Liquidity Facility (as reduced and reinstated from time to time in accordance with the terms thereof) which may be drawn for the payment of the portion of the Purchase Price of Tendered Bonds corresponding to interest accrued on the Tendered Bonds.

Interest Coverage Rate means the rate per annum which is used in a Liquidity Facility to calculate the Interest Component of such Liquidity Facility.

Interest Payment Date means with respect to any Bond:

(i) if the Interest Rate Mode for such Bond is the Commercial Paper Rate, each Repurchase Date;

(ii) if the Interest Rate Mode for such Bond is the Bank Loan Fixed Rate, the Bank Loan LIBOR Rate, the Daily Rate or the Weekly Rate, the first Business Day of each calendar month occurring after the Date of Issuance and after any Conversion Date with respect thereto;

(iii) for any Liquidity Facility Bond, the date such Bond becomes a Liquidity Facility Bond and the date such Bond ceases to be a Liquidity Facility Bond and the first Business Day of each calendar month which occurs between such dates;

(iv) each Mandatory Tender Date;

(v) if the Interest Rate Mode for such Bond is the Term Rate, each January 1 and July 1; and

(vi) the Maturity Date.

Interest Period means for any Bond the period from, and including, each Interest Payment Date for such Bond to, and including, the day next preceding the next Interest Payment Date for such Bond, provided, however, that the first Interest Period for any Bond shall begin on (and include) the Date of Issuance and the final Interest Period shall end the day next preceding the Maturity Date of the Bonds.

Interest Rate Mode means the Bank Loan Fixed Rate, the Bank Loan LIBOR Rate, the Commercial Paper Rate, the Daily Rate, the Weekly Rate and the Term Rate.

Investment Securities means such of the following as shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys will be required for the purposes intended:

(1) (A) Government Obligations, (B) certificates of deposit issued by any bank or trust company (including the Bond Trustee) which is insured by the Federal Deposit Insurance Corporation and in which the excess of the principal amount of such certificates of deposit over the amount guaranteed by the Federal Deposit Insurance Corporation shall be continuously secured for the benefit of the holders of the Outstanding Bonds by Government Obligations, provided that: (i) the obligations which secure such excess shall be held in the possession of the Bond Trustee or a third party acting solely as agent for the Bond Trustee; (ii) the Bond Trustee (or third party acting solely as agent for the Bond Trustee) must have a perfected security interest in such obligations; and (iii) such obligations must be free and clear of all claims, liens or encumbrances in favor of any party other than the Bond Trustee (or third party acting solely as agent for the Bond Trustee), (C) certificates of deposit issued by any bank or trust company whose long term debt has ratings at the time of purchase from Moody's and S&P, equal to or higher than the rating of "A;"

(2) any of the following: (A) the obligations of (i) Federal National Mortgage Association, (ii) Federal Home Loan Banks, (iii) the Federal Financing Bank, (iv) Federal Home Loan Mortgage Corporation, (v) Governmental National Mortgage Association, (vi) Federal Housing Administration, and (vii) Farmers Home Administration, (B) certificates of deposit or time deposits of or other interest bearing accounts maintained by, any bank, any branch of any bank, trust company or national banking association or any federally chartered savings and loan association, including the Bond Trustee and its affiliates; provided, however, that such certificates of deposit or time deposits or other interest bearing accounts shall be fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by Government Obligations or by obligations described in clauses (i) to (vii), inclusive, of (A) above, (C) evidences of ownership or a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, and which obligations are held by a bank or

trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, but excluding proprietary zero coupon securities representing interest or principal payments on U.S. Treasury securities such as CATs, TIGRs, ZEBRAs, LIONs, etc., (D) municipal debt obligations including but not limited to conduit and other revenue bonds which are rated at the time of purchase in one of the two highest rating categories by both S&P and Moody's, (E) shares of an open-end diversified investment company which is registered under the Investment Company Act of 1940, as amended (including without limitation funds of the Bond Trustee or its affiliates), and which (1)(i) invests its assets in obligations of or guaranteed by the United States of America or any instrumentality or agency thereof having in each instance a final maturity date of not more than one year from the date of purchase and including repurchase agreements or (ii) is rated in the highest rating category by a Rating Agency; (2) seeks to maintain a constant net asset value per share; and (3) has aggregate net assets of not less than \$50,000,000, (F) any guaranteed investment contracts (1) for six months or less with (i) domestic banks rated at the time of purchase at least A (without regard to rating gradation by numerical modifier or otherwise) by S&P and Moody's, (ii) foreign banks rated at the time of purchase at least AA/Aa (without regard to rating gradation by numerical modifier or otherwise) by S&P and Moody's or (iii) domestic life insurance companies or Canadian life insurance companies with claims-paying ability rated at the time of purchase AAA by S&P and Aaa by Moody's or (2) for a period in excess of six months but less than seven years with (i) domestic banks rated at the time of purchase at least AA/Aa (without regard to rating gradation by numerical modifier or otherwise) by S&P and Moody's, (ii) foreign banks rated at the time of purchase at least AAA/Aa or AA/Aaa (without regard to rating gradation by numerical modifier or otherwise) by S&P and Moody's or (iii) domestic life insurance companies or Canadian life insurance companies with claims-paying ability rated at the time of purchase AAA and Aaa by S&P and Moody's (in each case if an institution is only rated by one Rating Agency, then only one rating will suffice), (G) commercial paper rated at the time of purchase at least P-1 by Moody's and at least A-1 by S&P that is scheduled to mature not more than 270 days after the date of issue and is issued by a corporation (including the Bond Trustee and its affiliates) organized under the laws of the United State or any state thereof, (H) debt obligations or equity instruments of domestic or foreign corporations rated in the highest rating category by Moody's and S&P, (I) shares of a fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, which shares, at the time of purchase, are rated by S&P in one of the two highest rating categories (without regard to any refinements or gradation of rating category by numerical modifier or otherwise) assigned by such agency for obligations of that nature, including those for which the Bond Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise, (J) deposits, federal funds, or banker's acceptances of any bank, including a branch office of a bank which branch office is located outside the bank's home country, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, and provided such bank (1) has an unsecured, uninsured and unguaranteed obligation rated, at the time of purchase thereof, in one of the two highest rating categories by a Rating Agency, or (2) is the lead bank of a parent bank holding company with an uninsured,

unsecured and unguaranteed obligation meeting the rating requirements in clause (J)(1) above, and provided further that any such obligations are held by the Bond Trustee or by a bank, trust company or national banking association (other than the issuer of such obligation) during the term of such contract, (K) any repurchase agreement with a bank or trust company (including the Bond Trustee and its affiliates), or a recognized securities dealer that is a primary dealer on the Federal Reserve dealer list with capital, surplus and undivided profits in excess of \$10,000,000 for Government Obligations or obligations described in the above clauses (i) to (vii), inclusive, of (A) above in which the Bond Trustee or its agent shall be given a first security interest and on which no third party shall have a lien and have a fair market value at all times equal to at least 102% of the amount of the repurchase obligations of the bank, trust company or recognized securities dealer; provided, however, that such obligations purchased must be transferred to the Bond Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations, in either case, the entity should receive confirmation from the third party that those securities are being held in a safe-keeping account in the name of the entity and such obligations are required to be valued at least as frequently as weekly. (The trust or safe-keeping departments of broker-dealers or financial institutions selling investments or pledging collateral or underlying securities, or their custodial agents, are not considered independent third parties for purposes of this statement.) Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or primary securities dealer providing the repurchase agreement is obligated to repurchase the Investment Securities. Any investment in obligations described above may be made in the form of an entry made on the records of the issuer of the particular obligation.

Issuer means St. Johns County Industrial Development Authority, a public body corporate and politic duly organized and existing under the Act, and its successors and assigns.

LIBOR means, with respect to any amount to which LIBOR applies for the applicable LIBOR Interest Period, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank's discretion, to the nearest 1/100th of 1%) (i) the rate of interest determined by the Bank in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the eurodollar rate two (2) Business Days prior to the first day of such LIBOR Rate Interest Period for such amount and having a borrowing date and a maturity comparable to such LIBOR Rate Interest Period by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage.

LIBOR Interest Period means, during any Bank Loan LIBOR Rate Period, the period commencing on each Bank Loan LIBOR Rate Determination Date and ending on the day prior to each subsequent Bank Loan LIBOR Rate Determination Date.

LIBOR Reserve Percentage shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities").

Liquidity Facility means any instrument such as an irrevocable letter of credit, committed line of credit, surety bond or a standby bond purchase agreement, issued by a financial institution and/or corporation or other entity, which provides for the purchase of or payment of the Purchase Price of the Bonds, and upon the effectiveness of any Alternate Liquidity Facility, such Alternate Liquidity Facility, provided that the same instrument may also be defined as a Credit Facility.

Liquidity Facility Account means an account by that name in the Bond Purchase Fund established pursuant to Section 4.11.

Liquidity Facility Provider means the issuer of a Liquidity Facility, and upon the effectiveness of an Alternate Liquidity Facility, the issuer of such Alternate Liquidity Facility.

Liquidity Facility Provider Agreement means any agreement between the Hospital and the Liquidity Facility Provider, pursuant to which a Liquidity Facility is issued by the Liquidity Facility Provider, as the same may be amended or supplemented.

Liquidity Facility Substitution Date means the effective date of an Alternate Liquidity Facility delivered to the Tender Agent in accordance with Section 4.23.

Loan Agreement means that certain Loan Agreement, dated as of January 1, 2011, between the Authority and the Hospital, relating to the Bonds, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Bond Indenture.

Loan Default Event means any of the events specified in Section 6.1 of the Loan Agreement.

Loan Repayments means the payments so designated and required to be made by the Hospital pursuant to Section 3.1 of the Loan Agreement.

Make-Whole Payment means the "Cost of Prepayment," as defined in Section 2.05(E) hereof

Mandatory Tender Date means a date on which Bonds are subject to mandatory tender for purchase pursuant to Section 4.07, Section 4.08 or Section 4.09.

Master Indenture means that certain Master Trust Indenture, dated as of August 1, 1992 by and among the Members of the Obligated Group and the Master Trustee, and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

Master Trustee means U. S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, successor to SunTrust Bank (formerly Sun Bank, National Association), as master trustee under the Master Indenture, its successors and assigns.

Maturity Date means December 15, 2016.

Maximum Annual Debt Service shall have the meaning ascribed to such term in the Master Indenture.

Maximum Interest Rate shall mean the lesser of 12% per annum or the maximum interest rate permitted by law; provided that Maximum Interest Rate with respect to Bank Bonds shall mean the lesser of 18% or the maximum nonusurious lawful rate of interest permitted by applicable law.

Members or Members of the Obligated Group or Obligated Group shall have the meaning ascribed to such term in the Master Indenture.

Moody's means Moody's Investors Service, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Hospital by notice in writing to the Authority and the Bond Trustee.

Noticed Termination Date means the date on which a Liquidity Facility Provider's obligation to advance funds or purchase Bonds under a Liquidity Facility terminates as stated in the Liquidity Facility Provider's notice of termination delivered pursuant to the Liquidity Facility or Credit Facility due to an event of termination or event of default under specified sections of the Liquidity Facility, which date shall be at least 14 days from the date of receipt of such notice by the Bond Trustee.

Obligated Group means Flagler Hospital, Inc., Flagler Health Care Foundation, Inc. and Flagler Healthcare System, Inc.

Obligated Group Agent means the Hospital or such other Member of the Obligated Group as may have been designated as such by written notice to the Master Trustee.

Opinion of Counsel means a written opinion of counsel acceptable to the Authority. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Optional Redemption Account means the account by that name in the Redemption Fund established pursuant to Section 5.05.

Outstanding, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09) all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under this Bond Indenture except: (1) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (2) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.10; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to this Bond Indenture.

Person means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Prevailing Market Conditions means, without limitation, the following factors: existing market rates for securities, the interest on which is excluded from gross income for federal income tax purposes; indexes of such rates; the existing market supply and demand and the existing yield curves for short-term and long-term securities for obligations of credit quality comparable to the affected Bonds, the interest on which is excluded from gross income for federal income tax purposes; general economic conditions, economic conditions in the health care industry and financial conditions that may affect or be relevant to the affected Bonds; and such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant to the remarketing of such Bonds at the principal amount thereof.

Principal Account means the account by that name in the Revenue Fund established pursuant to Section 5.02.

Published Rate means the rate of interest published each Business Day in the Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one month period as published in another publication selected by the Bank)

Purchase Date means a date on which Bonds are to be purchased pursuant to Section 4.06, Section 4.07, Section 4.08 or Section 4.09, including, without limitation, each Alternate Credit Facility Date, Alternate Liquidity Facility Date and Bank Default Tender Date.

Purchase Price means, with respect to any Purchased Bond, the principal amount thereof plus accrued interest to, but not including, the Purchase Date; provided, however, that if the Purchase Date for any Purchased Bond is an Interest Payment Date, the Purchase Price thereof shall be the principal amount thereof, and interest on such Bond shall be paid to the Holder of such Bond pursuant to this Bond Indenture.

Purchased Bonds means Bonds to be purchased pursuant to Section 4.06, Section 4.07, Section 4.08 or Section 4.09.

Prime Rate means the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

Rating Agency means Moody's, S&P or Fitch.

Rating Category means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Rebate Fund means the Rebate Fund established pursuant to Section 5.06.

Record Date means: (a) with respect to any Interest Period during which the Interest Rate Mode is the Daily Rate, the Weekly Rate or a Bank Loan Rate, the close of business on the last Business Day of such Interest Period; (b) with respect to any Interest Period during which the Interest Rate Mode is the Term Rate, the fifteenth day (whether or not a Business Day) of the calendar month preceding the month in which the Interest Payment Date for such Interest Period occurs and (c) with respect to any Interest Period during which the Interest Rate Mode is the Commercial Paper Rate, the Interest Payment Date for such Interest Period.

Redemption Fund means the fund by that name established pursuant to Section 5.05.

Redemption Price means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium (if any) payable upon redemption thereof pursuant to the provisions of such Bond and this Bond Indenture.

Refunded Bonds means \$6,250,000 of the aggregate principal amount of the outstanding St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and \$6,250,000 of the aggregate principal amount of the outstanding St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B.

Refunded Bonds Indenture means, that certain Bond Trust Indenture dated as of December 1, 1996 by and between the St. Johns County Industrial Development Authority and the Refunded Bonds Trustee, as supplemented and amended, under and pursuant to which the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B were issued.

Refunded Bonds Trustee means U.S. Bank, N.A. (successor to SunTrust Bank), as trustee under the Refunded Bonds Indenture.

Regulation D means Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

Remarketing Agent means any Remarketing Agent or successor or additional Remarketing Agent appointed in accordance with this Bond Indenture which has entered into a Remarketing Agreement with the Hospital.

Remarketing Agreement means an agreement, between the Hospital and a Remarketing Agent, providing for the remarketing of the Bonds, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with its terms.

Remarketing Proceeds Account means an account by that name within the Bond Purchase Fund established pursuant to Section 4.11.

Repurchase Date means, for any Bond that bears interest at a Commercial Paper Rate, the Business Day following the last day of the Commercial Paper Rate Period with respect to such Bond, on which date such Bond will be repurchased by the Bond Trustee or the Tender Agent, on behalf of the Hospital.

Repurchase Price means, with respect to each particular Bond during a Commercial Paper Rate Period, an amount equal to 100% of the principal amount thereof.

Required Stated Amount means with respect to a Liquidity Facility, at any time of calculation, an amount equal to the aggregate principal amount of all Bonds then Outstanding together with interest accruing thereon (assuming an annual rate of interest equal to the Interest Coverage Rate) for the period specified in a Certificate of the Hospital to be the minimum period specified by the Rating Agencies then rating the Bonds as necessary to obtain (or maintain) a specified short-term rating for the Bonds.

Revenue Fund means the fund by that name established pursuant to Section 5.01.

Revenues means all amounts received by the Issuer or the Bond Trustee for the account of the Issuer pursuant or with respect to the Loan Agreement or Series 2011 Master Note, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Bond Indenture, but not including any Administrative Fees and Expenses or any moneys required to be deposited in the Rebate Fund or the Bond Purchase Fund and all interest, profits or other income derived therefrom.

S&P means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Hospital by notice in writing to the Authority and the Bond Trustee.

Securities Depository means DTC and its successors and assigns, or any other securities depository selected as set forth in Section 2.17.

Series 2011 Master Note means the Master Note, Series 2011, No. 1 issued under the Master Indenture and Supplement.

Sinking Fund Installment means the amount required by Section 5.04(C) to be paid by the Authority on any single date for the retirement of Bonds.

Special Record Date means the date established by the Bond Trustee pursuant to Section 2.02(B)(6) as the record date for the payment of defaulted interest on the Bonds.

Special Redemption Account means the account by that name in the Redemption Fund established pursuant to Section 5.05.

State means the State of Florida.

Supplement means that certain Supplemental Master Trust Indenture dated as of January 1, 2011, between the Hospital, acting as the Obligated Group Agent, and the Master Trustee.

Supplemental Bond Indenture means any indenture hereafter duly authorized and entered into between the Authority and the Bond Trustee, supplementing, modifying or amending this Bond Indenture; but only if and to the extent that such Supplemental Bond Indenture is specifically authorized hereunder.

Tax Agreement means the Tax Regulatory Agreement delivered by the Authority and the Hospital at the time of issuance and delivery of the Bonds, as the same may from time to time be amended or supplemented, modified or amended in accordance with its terms.

Tender Agent means U.S. Bank National Association, a national banking association, or its successor, appointed as provided in this Bond Indenture.

Tender Date mean the date described in Section 4.11.

Tendered Bonds means Bonds subject to optional tender for purchase pursuant to Section 4.06 or mandatory tender for purchase pursuant to Section 4.07, Section 4.08 or Section 4.09.

Term Conversion Date means the date on which the Bonds begin to bear interest at a Term Rate pursuant to the provisions of Section 2.08.

Term Rate means the Interest Rate Mode in which the interest rate on the Bonds is determined in accordance with Section 2.08.

Term Rate Period means any period established by the Hospital pursuant to Section 2.08 and beginning on, and including, the Term Conversion Date and ending on, and including, the day preceding the last Interest Payment Date for such Term Rate Period, the Conversion to a subsequent Term Rate Period or the Conversion Date to another Interest Rate Mode.

Undelivered Bond means any Bond which constitutes an Undelivered Bond under the provisions of Section 4.12 or Section 4.13.

Weekly Rate means the Interest Rate Mode in which the interest rate on the Bonds is determined weekly in accordance with Section 2.07.

Weekly Rate Period means the period beginning on, and including, the Conversion of Bonds to the Weekly Rate and ending on, and including, the next Wednesday and thereafter the period beginning on, and including, any Thursday and ending on, and including, the earliest of the following Wednesday, the day preceding the Conversion of the Bonds to a different Interest Rate Mode or the Maturity Date.

Section 1.02 Content of Certificates and Opinions. Every certificate or opinion provided for herein with respect to compliance with any provision hereof shall include (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion with respect

to the subject matter referred to in the instrument to which such Person's signature is affixed; and (4) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority or the Hospital may be based, insofar as it relates to legal, accounting or health care matters, upon a certificate or opinion of or representation by counsel, an accountant or a consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority or the Hospital, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority or the Hospital, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority or the Hospital, or the same counsel or accountant or consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Bond Indenture, but different officers, counsel, accountants or consultants may certify to different matters, respectively.

Section 1.03 Interpretation.

(A) Unless the context otherwise indicates, words expressed in 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, as appropriate.

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

(C) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Bond Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Bond Indenture as a whole, including the Exhibits hereto, and not to any particular Article, Section or subdivision hereof.

ARTICLE II THE BONDS

Section 2.01 Authorization of Bonds. The Bonds shall be issued as the "St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011" in an aggregate principal amount of \$12,500,000, subject to the terms, limitations and conditions established herein.

This Bond Indenture constitutes a continuing agreement with the Holders from time to time of the Bonds to secure the full payment of the principal of and interest on all such Bonds

subject to the covenants, provisions and conditions herein contained. The Bonds and the certificate of authentication to appear thereon shall be substantially in the form set forth in Exhibit A attached hereto and by this reference herein incorporated.

Section 2.02 Terms of the Bonds; Registration; Denominations; Payment of Principal and Interest.

(A) The Bonds shall be issued as fully registered Bonds without coupons in Authorized Denominations. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.17.

The Bonds shall be dated the Date of Issuance. The Bonds shall be numbered in consecutive numerical order from 1 upwards.

(B) (1) The Bonds shall bear interest, payable in lawful money of the United States of America, at the rates determined pursuant to this Article II from the date thereof.

(2) During each Interest Period for each Interest Rate Mode, the interest rate or rates for the Bonds shall be determined in accordance with this Article II and shall be payable on the Interest Payment Date for such Interest Period. In no event shall the rate of interest hereunder exceed the maximum rate allowed by applicable law.

(3) Interest on Bonds during a Commercial Paper Rate Period, Daily Rate Period and Weekly Rate Period shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Interest on Bonds during a Term Rate Period shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on Bonds during a Bank Loan Rate Period shall be calculated on the basis of a 360 day year for the actual number of days elapsed.

(4) The determination of the Daily Rate, the Weekly Rate, the Term Rate and Commercial Paper Rate by the Remarketing Agent shall be conclusive and binding upon the Hospital, the Bond Trustee, the Remarketing Agent and the Holders thereof. The determination of the Bank Loan LIBOR Rate by the Bank Loan LIBOR Rate Holder shall be conclusive and binding upon the Hospital and the Bond Trustee.

(5) Interest payments on a Bond (other than with respect to defaulted interest) shall be made on each Interest Payment Date to the Holder thereof appearing on the registration books maintained by the Bond Trustee as of the close of business on the Record Date for such Interest Payment Date; provided, however, that during a Commercial Paper Rate Period, such payments shall be payable only upon presentation and surrender of such Bond to the Tender Agent. Interest on Bonds shall, except as hereinafter provided, be paid (a) by check mailed on the Interest Payment Date to such Holder at the address of such Holder as it appears on the registration books of the Bond Trustee or at such other address furnished in writing by such Holder to the Bond Trustee prior to the Record Date or (b) to any Holder of \$1,000,000 or more in aggregate principal amount of Bonds (or, during a Bank Loan Rate Period, directly to the Bank Loan Rate Holder by the Hospital without regard to aggregate principal amount) as of the close of business of the Bond Trustee on the Record Date for a particular Interest Payment Date, by wire transfer sent on the Interest Payment Date, to such Holder to an account within the

United States of America as specified in writing by such Holder to the Bond Trustee prior to the Record Date. The foregoing notwithstanding, defaulted interest shall be payable as provided in (6) below.

(6) If available funds are insufficient on any Interest Payment Date to pay the interest then due on the Bonds, interest shall continue to accrue thereon but shall cease to be payable to the Holder on such Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Bond Trustee shall (A) establish a "special interest payment date" for the payment of the overdue interest and a Special Record Date (which shall be a Business Day) for determining the Bondholders entitled to such payment and (B) mail notices by first class mail of such dates as soon as practicable. Notice of each such date so established shall be mailed to each Bondholder at least ten days prior to the Special Record Date but not more than 30 days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Holders, as shown on the registration books of the Bond Trustee as of the close of business on the Special Record Date. The form of such notice shall be provided to the Bond Trustee by the Hospital.

(7) Notwithstanding the foregoing provisions of this Section 2.02(B), Bank Bonds shall bear interest at the Bank Bond Rate, calculated on the basis and payable in the manner set forth in the Liquidity Facility or the Credit Facility Provider Agreement, as applicable, provided with respect to such Bank Bonds.

(C) (1) The Bonds shall mature on the Maturity Date, subject to the provisions of subparagraph (C)(2) below.

(2) Upon a Term Conversion Date which establishes a Term Rate Period which extends to the Maturity Date, the Sinking Fund Installment dates and Sinking Fund Installment amounts established pursuant to Section 5.04(C) may, upon the request of the Hospital and the delivery to the Authority and the Bond Trustee of a Favorable Opinion, be redesignated as serial maturities, provided, however that, if the Hospital shall cause a Favorable Opinion to be delivered to the Authority and the Bond Trustee, the Hospital may provide the Bond Trustee with a different maturity schedule, which may not extend beyond the Maturity Date.

(D) Except as provided below, the principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the Designated Office of the Bond Trustee upon presentation thereof at the corporate trust office of the Bond Trustee; provided that no such presentation shall be required in connection with any mandatory redemption in part of Bonds bearing interest at the Bank Loan Rate from Sinking Fund Installments pursuant to Section 5.04(C) hereof. While DTC is the registered Holder of Bonds, all payments of principal of, and premium, if any on the Bonds, shall be paid as provided in Section 2.06 hereof. During any Bank Loan Rate Period, all payments of principal of the Bonds shall be paid by wire transfer, provided that the Bank Loan Rate Holder has given the Bond Trustee five (5) days' prior written notice of the wire transfer address (which shall be in the continental United States to which the Bank Loan Rate Holder wishes to have such wire directed.

(E) The Bonds shall be subject to redemption as provided in Article IV.

(F) During a Weekly Rate Period, Daily Rate Period, Commercial Paper Period or Term Rate Period, the Bond Trustee shall identify all payments (whether made by check or by wire transfer) of interest, principal, and premium by CUSIP number of the Bonds.

(G) By acceptance of any Bond, the Holder thereof shall be deemed to have agreed, during a Commercial Paper Rate Period, to the Commercial Paper Rate and the Repurchase Date then applicable thereto and to have further agreed to sell such Bond to the Tender Agent on the Repurchase Date applicable thereto at the Repurchase Price. Such Holder by such acceptance shall be deemed to have acknowledged that if funds for such purchase are on deposit with the Bond Trustee or the Tender Agent on such Repurchase Date, such Holder shall have no rights under this Bond Indenture other than to receive the Repurchase Price, and such Bonds shall no longer be considered to be Outstanding for purposes of this Bond Indenture.

Section 2.03 Initial Interest Rates; Subsequent Interest Rates; Conversion of Interest Rate Modes.

(A) The Bonds shall initially bear interest at the Initial Bank Loan Fixed Rate during the Initial Bank Loan Fixed Rate Period.

(B) During a Daily Rate Period or a Weekly Rate Period, the Bonds shall bear interest at the lesser of (i) the Interest Coverage Rate (if one is then in effect) or (ii) the Daily Rate or the Weekly Rate. During a Bank Loan Fixed Rate Period, the Bonds shall bear interest at the Bank Loan Fixed Rate. During a Bank Loan LIBOR Rate Period, the Bonds shall bear interest at the Bank Loan LIBOR Rate. During the Term Rate Period, the Bonds shall bear interest at the Term Rate. During the Commercial Paper Rate Period, the Bonds shall bear interest at the Commercial Paper Rate. Each Bank Bond shall bear interest at the Bank Bond Rate specified in the Liquidity Facility Provider Agreement or the Credit Facility Provider Agreement, as applicable. At no time shall any Bonds (including Bank Bonds) bear interest at a rate higher than the Maximum Interest Rate.

(C) No interest rate on a Bond shall be established during a Daily Rate Period or a Weekly Rate Period that exceeds the Interest Coverage Rate applicable to such Bond (if a Liquidity Facility is then in effect).

(D) All Bonds shall bear interest at any point in time in the same Interest Rate Mode.

Section 2.04 Bank Loan LIBOR Rate Period.

(A) Method of Determining Bank Loan LIBOR Rate. During each Bank Loan LIBOR Rate Period, the Bonds shall bear interest at the Bank Loan LIBOR Rate calculated by the Bank Loan LIBOR Rate Holder, on the applicable Bank Loan LIBOR Determination Date, notice thereof to be provided by the Bank Loan LIBOR Rate Holder; provided, however:

(1) failure to provide such notice shall not relieve the Hospital of its obligation to pay such interest, but shall extend the Interest Payment Date until such calculation is provided;

(2) if it is determined by the Holder of the Bonds, supported by an opinion of counsel experienced in tax matters relating to municipal bonds, or by the Internal Revenue Service, that interest on the Bonds is includable in gross income under Section 103 of the Code, or that the Bonds are not a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Code, then the Bank Loan LIBOR Rate shall be adjusted in such manner as shall be determined by the Holder of the Bonds as shall be necessary to provide to the Holder of Bonds an after-tax yield on the then outstanding principal amount of the Bonds equal to the after-tax yield the Holder if the Bonds would have received thereon if either or both of such determinations had not been made, from the date such interest must be included in such gross income or the date the Holder of the Bonds is required to take 100% (rather than 20%) of the interest on the Bonds into account in complying with Section 265(b) of the Code, whereupon the Obligated Group shall reimburse the Holder of the Bonds for the difference between (x) the interest then due computed at the adjusted rate, and (y) the interest previously paid on the Bonds at the unadjusted rate, along with all costs, expenses, penalties, attorneys fees and all other losses incurred by the Holder of the Bonds as a result of such determination, within thirty (30) days after the date a written notice is delivered by the Holder of the Bonds to the Master Trustee and the Obligated Group stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorney's fees and other losses shall survive the payment of the principal of the Bonds.

(B) Conversion to Bank Loan LIBOR Rate Period. At any time, the Hospital may elect that the Bonds shall bear interest at a Bank Loan LIBOR Rate. The Hospital shall make such election by written direction to the Bond Trustee and, (i) in the case of a Conversion from a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or a Term Rate Period, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider (if any), (ii) in the case of a Conversion from a Bank Loan Fixed Rate Period, the Bank Loan Fixed Rate Holder and (iii) in the case of a Conversion from a predecessor Bank Loan LIBOR Rate Period, the Bank Loan LIBOR Rate Holder. Such direction of the Hospital shall (1) specify the proposed Conversion Date, which shall be (a) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, (b) in the case of a Conversion from a Term Rate Period, the day immediately following the last day of the then-current Term Rate Period, (b) in the case of a Conversion from a Commercial Paper Rate Period, the day immediately following the last day of the Commercial Paper Rate Period being converted, (c) in the case of a Conversion from a Daily Rate Period or a Weekly Rate Period, the date immediately following an Interest Period during the Daily Rate Period or the Weekly Rate Period, respectively, and (d) in the case of a Conversion from a Bank Loan Fixed Rate Period, a day that is an optional redemption date for said Bank Loan Fixed Rate Bonds and (2) confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date.

In the event the Hospital elects to convert the Bonds to a Bank Loan LIBOR Rate, the Hospital, by written direction to the Bond Trustee and the Bank Loan LIBOR Rate Holder shall specify (i) the proposed duration of the Bank Loan LIBOR Rate Period during which the Bonds shall bear interest at such Bank Loan LIBOR Rate; (ii) the last day of such Bank Loan LIBOR Rate Period, which last day shall be either the day immediately prior to the Maturity Date, or

another day which both immediately precedes a Business Day and is at least 271 days after the effective date thereof (provided, however, that the Hospital may specify a different last day of such Bank Loan LIBOR Rate Period by notice to the Bond Trustee and the Bank Loan LIBOR Rate Holder) delivered no later than the Business Day preceding the proposed Bank Loan LIBOR Rate Conversion Date); (iii) shall specify a date or dates on or prior to which Holders are required to deliver the Bonds to be purchased and (iv) shall confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date.

(C) Notice of Conversion to Bank Loan LIBOR Rate. The Bond Trustee shall give notice by first-class mail of a Conversion to a Bank Loan LIBOR Rate to the Holders of the Bonds being converted not less than 15 days prior to the proposed effective date of such Bank Loan LIBOR Rate Period. Such notice shall state: (i) that the interest rate on such Bonds will be converted to a different Interest Rate Mode unless conditions precedent to such Conversion are not met; (ii) the proposed Conversion Date; (iii) that all such Bonds are subject to mandatory tender for purchase on such proposed Conversion Date; (iv) that on and after the Conversion Date no interest shall accrue to such Holder on such Bonds; and (v) that on and after the Conversion Date the Holder of such Bonds shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. Such notice shall also set forth the Purchase Price and the place of delivery for purchase of such Bonds.

Section 2.05 Bank Loan Fixed Rate Period.

(A) Determination of Bank Loan Fixed Rate. During the Initial Bank Loan Fixed Rate Period, the Bonds shall bear interest at the Initial Bank Loan Fixed Rate. During any Bank Loan Fixed Rate Period, other than the Initial Bank Loan Fixed Rate Period, the Bonds shall bear interest at the Bank Loan Fixed Rate, which shall be determined and established by the Authority, the Hospital, and the Bank Loan Fixed Rate Holder prior to the commencement of the applicable Bank Loan Fixed Rate Period in connection with the Conversion to such Bank Loan Fixed Rate Period.

During any Bank Loan Fixed Rate Period, if it is determined by the Holder of the Bonds, supported by an opinion of counsel experienced in tax matters relating to municipal bonds, or by the Internal Revenue Service, that interest on the Bonds is includable in gross income under Section 103 of the Code, or that the Bonds are not a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Code, then the Bank Loan Fixed Rate shall be adjusted in such manner as shall be determined by the Holder of the Bonds as shall be necessary to provide to the Holder of Bonds an after-tax yield on the then outstanding principal amount of the Bonds equal to the after-tax yield the Holder if the Bonds would have received thereon if either or both of such determinations had not been made, from the date such interest must be included in such gross income or the date the Holder of the Bonds is required to take 100% (rather than 20%) of the interest on the Bonds into account in complying with Section 265(b) of the Code, whereupon the Obligated Group shall reimburse the Holder of the Bonds for the difference between (x) the interest then due computed at the adjusted rate, and (y) the interest previously paid on the Bonds at the unadjusted rate, along with all costs, expenses, penalties, attorneys fees and all other losses incurred by the Holder of the Bonds as a result of such determination, within thirty (30) days after the date a written notice is delivered by the Holder of the Bonds to the Master Trustee and

the Obligated Group stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorney's fees and other losses shall survive the payment of the principal of the Bonds.

(B) Conversion to Bank Loan Fixed Rate Period. At any time, the Hospital may elect that the Bonds bear interest at a Bank Loan Fixed Rate. The Hospital shall make such election by written direction to the Bond Trustee and, (i) in the case of a Conversion from a Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or a Term Rate Period, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider, if any, (ii) in the case of a Conversion from a predecessor Bank Loan Fixed Rate Period, the Bank Loan Fixed Rate Holder and (iii) in the case of a Conversion from a Bank Loan LIBOR Rate Period, the Bank Loan LIBOR Rate Holder. Such direction of the Hospital shall (1) specify the proposed Conversion Date, which shall be (a) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, (b) in the case of a Conversion from a Term Rate Period, the day immediately following the last day of the then-current Term Rate Period, (c) in the case of a Conversion from a Commercial Paper Rate Period, the day immediately following the last day of the Commercial Paper Rate Period, and (d) in the case of a Conversion from a Bank Loan LIBOR Rate Period, a date that is an optional redemption date for such Bank Loan LIBOR Rate Bonds and (2) confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date. During each Bank Loan Fixed Rate Period for the Bonds being converted commencing on the Conversion Date and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Mode, the interest rate borne by such Bonds shall be a Bank Loan Fixed Rate.

In the event the Hospital elects to convert the Bonds to a Bank Loan Fixed Rate, the Hospital, by written direction to the Bond Trustee and the Bank Loan Fixed Rate Holder shall specify (i) the proposed duration of the Bank Loan Fixed Rate Period during which the Bonds shall bear interest at such Bank Loan Fixed Rate; (ii) the last day of such Bank Loan Fixed Rate Period, which last day shall be either the day immediately prior to the Maturity Date, or another day which both immediately precedes a Business Day and is at least 271 days after the effective date thereof (provided, however, that the Hospital may specify a different last day of such Bank Loan Fixed Rate Period by notice to the Bond Trustee and the Bank Loan Fixed Rate Holder delivered no later than the Business Day preceding the proposed Term Conversion Date); (iii) a date or dates on or prior to which Holders are required to deliver the Bonds to be purchased and (iv) whether the Bank Loan Fixed Rate Holder will require a Make-Whole Payment pursuant to Section 2.05(E) and (v) that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date.

(C) Notice of Conversion to Bank Loan Fixed Rate. The Bond Trustee shall give notice by first-class mail of a Conversion to a Bank Loan Fixed Rate Period to the Holders of the Bonds being converted not less than 15 days prior to the proposed Conversion Date. Such notice shall state: (i) that the interest rate on such Bonds will be converted to a different Interest Rate Mode unless conditions precedent to such Conversion are not met; (ii) the proposed Conversion Date; (iii) that all such Bonds are subject to mandatory tender for purchase on such proposed Conversion Date; (iv) that on and after the Conversion Date no interest shall accrue to such Holder on such Bonds; and (v) that on and after the Conversion Date the Holder of such Bonds

shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. Such notice shall also set forth the Purchase Price and the place of delivery for purchase of the Bonds.

(D) Initial Bank Loan Fixed Rate Period. If, prior to the expiration of the Initial Bank Loan Fixed Rate Period, the Hospital elects to make a Conversion pursuant to Section 2.04(B), (B), Section 2.06(B), Section 2.07(B), Section 2.08(B) or Section 2.09(B), the Hospital shall pay the Holder of the Bonds the Make-Whole Payment pursuant to Section 2.05(E) below. Provided that no such election is made, the Bonds remaining outstanding shall be paid in full on the Maturity Date at the expiration of the Initial Bank Loan Fixed Rate Period in accordance with the provisions of Section 5.04(C) hereof.

(E) Make-Whole Payment. If the Bonds bear interest at a Bank Loan Fixed Rate, notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the Hospital (whether voluntary, on default or otherwise), and corresponding payment or redemption of the Bonds, the Bank Loan Fixed Rate Holder may require, if it so elects, the Hospital to pay the Bank Loan Fixed Rate Holder, as compensation for the cost of being prepared to advance fixed rate funds hereunder, an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Cost of Prepayment shall also apply to any payment or redemption of the Bonds made after acceleration of the maturity of the Bonds while a Bank Loan Fixed Rate is in effect.

Section 2.06 Daily Rate Period.

(A) Determination of Daily Rates. During each Daily Rate Period, the Bonds shall bear interest at a Daily Rate, which shall be determined by the Remarketing Agent by no later than 10:30 a.m. (New York City time) on each Business Day. The Daily Rate for the Bonds shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Bonds under Prevailing Market Conditions, would enable the Remarketing Agent to sell Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Daily Rate for Bonds for any Business Day or if such Daily Rate is determined by a court of law to be invalid or unenforceable (each a "Failure Date"), then the Daily Rate for such Bonds for such Business Day shall be equal to 70% of the Failure Date LIBOR Index until the Remarketing Agent determines the Daily Rate as required hereunder; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate.

(B) Conversion to Daily Rate. At any time, the Hospital may elect that the Bonds bear interest at a Daily Rate. The Hospital shall make such election by written direction to the Bond Trustee and, (i) in the case of a Conversion from a predecessor Daily Rate Period, a Weekly Rate Period, a Commercial Paper Rate Period or a Term Rate Period, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider, if any, (ii) in the case of a Conversion from a Bank Loan Fixed Rate Period, the Bank Loan Fixed Rate Holder and (iii) in the case of a Conversion from a Bank Loan LIBOR Rate Period, the Bank Loan LIBOR Rate Holder. Such direction of the Hospital shall (1) specify the proposed Conversion Date, which shall be (a) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, (b) in the case of a Conversion from a Term Rate Period, the day immediately following the last day of the then-current Term Rate Period, (c) in the case of a Conversion from a Commercial Paper Rate Period, the day immediately following the last day of the Commercial Paper Rate Period, and (d) in the case of a Conversion from a Bank Loan Rate Period, a date that is an optional redemption date or a Mandatory Tender Date during the Bank Loan Rate Period, and (2) confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date and (3) in the case of Conversion from a Bank Loan LIBOR Rate Period or a Term Rate Period, confirm the appointment of a Remarketing Agent and a Tender Agent for the Bonds being converted. During each Daily Rate Period for the Bonds being converted commencing on the Conversion Date and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Mode, the interest rate borne by such Bonds shall be a Daily Rate.

(C) Notice of Conversion to Daily Rate. The Bond Trustee shall give notice by first-class mail of a Conversion to a Daily Rate Period to the Holders of the Bonds being converted not less than 15 days prior to the proposed Conversion Date. Such notice shall state: (i) that the interest rate on such Bonds will be converted to a different Interest Rate Mode unless conditions precedent to such Conversion are not met; (ii) the proposed Conversion Date; (iii) that all such Bonds are subject to mandatory tender for purchase on such proposed Conversion Date; (iv) that on and after the Conversion Date no interest shall accrue to such Holder on such Bonds; and (v) that on and after the Conversion Date the Holder of such Bonds shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. Such notice shall also set forth the Purchase Price and the place of delivery for purchase of the Bonds.

Section 2.07 Weekly Rate Period.

(A) Determination of Weekly Rates. During each Weekly Rate Period, the Bonds shall bear interest at a Weekly Rate, which shall be determined by the Remarketing Agent by no later than 10:00 a.m. (New York City time) on Thursday of each week during such Weekly Rate Period, or if such day is not a Business Day, then on the next preceding Business Day. The first Weekly Rate determined for the Bonds being converted shall be determined on or prior to the first day of such Weekly Rate Period and shall apply to the period commencing on the first day of such Weekly Rate Period and ending on the following Wednesday (whether or not a Business Day). Thereafter, each Weekly Rate shall apply to the period commencing on Thursday (whether or not a Business Day) and ending on the next succeeding Wednesday (whether or not a Business Day), unless such Weekly Rate Period shall end on a day prior to the next succeeding Wednesday, in which event the last Weekly Rate for such Weekly Rate Period shall apply to the

period commencing on the Thursday (whether or not a Business Day) preceding the last day of such Weekly Rate Period and ending on the last day of such Weekly Rate Period.

The Weekly Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Bonds under Prevailing Market Conditions, would enable the Remarketing Agent to sell Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Rate for Bonds for any week or if such Weekly Rate is determined by a court of law to be invalid or unenforceable (each a "Failure Date"), then the Weekly Rate for such week shall be equal to 70% of the Failure Date LIBOR Index until the Remarketing Agent determines the Weekly Rate as required hereunder; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate.

(B) Conversion to Weekly Rate. At any time, the Hospital may elect that the Bonds bear interest at a Weekly Rate. The Hospital shall make such election by written direction to the Bond Trustee and, (i) in the case of a Conversion from a Daily Rate Period, a predecessor Weekly Rate Period, a Commercial Paper Rate Period or a Term Rate Period, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any) and the Credit Facility Provider, if any, (ii) in the case of a Conversion from a Bank Loan Fixed Rate Period, the Bank Loan Fixed Rate Holder and (iii) in the case of a Conversion from a Bank Loan LIBOR Rate Period, the Bank Loan LIBOR Rate Holder. Such direction of the Hospital shall (1) specify the proposed Conversion Date, which shall be (a) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, (b) in the case of a Conversion from a Term Rate Period, the day immediately following the last day of the then-current Term Rate Period, (c) in the case of a Conversion from a Commercial Paper Rate Period, the day immediately following the last day of the Commercial Paper Rate Period, and (d) in the case of a Conversion from a Bank Loan Rate Period, a date that is an optional redemption date or a Mandatory Tender Date during the Bank Loan Rate Period; (2) confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date and (3) in the case of Conversion from a Bank Loan Rate Period or a Term Rate Period, confirm the appointment of a Remarketing Agent and a Tender Agent for the Bonds being converted. During each Weekly Rate Period for the Bonds being converted commencing on the Conversion Date and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Mode, the interest rate borne by such Bonds shall be a Weekly Rate.

(C) Notice of Conversion to Weekly Rate. The Bond Trustee shall give notice by first-class mail of a Conversion to a Weekly Rate Period to the Holders of the Bonds being converted not less than 15 days prior to the proposed Conversion Date. Such notice shall state: (i) that the interest rate on such Bonds will be converted to a different Interest Rate Period unless conditions precedent to such Conversion are not met; (ii) the proposed Conversion Date; (iii) that all such Bonds are subject to mandatory tender for purchase on such proposed Conversion Date; (iv) that on and after the Conversion Date no interest shall accrue to such Holder on such Bonds; and (v) that on and after the Conversion Date the Holder of such Bonds shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. Such

notice shall also set forth the Purchase Price and the place of delivery for purchase of such Bonds.

Section 2.08 Term Rate Period.

(A) Determination of Term Rate. During the Term Rate Period, the Bonds shall bear interest at the Term Rate. The Term Rate shall be determined by the Remarketing Agent at least one Business Day prior to the Term Conversion Date. Subject to the provisions of Section 2.08(D), the Term Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by Bonds, would enable the Remarketing Agent to sell Bonds under Prevailing Market Conditions at a price (without regarding accrued interest) equal to the principal amount thereof; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate. If, for any reason, the Term Rate for the Bonds being converted is not so determined for the Term Rate Period by the Remarketing Agent on or prior to the first day of such Term Rate Period, then the Bonds shall bear interest at the Weekly Rate as provided in Section 2.07, and shall continue to bear interest at a Weekly Rate determined in accordance with Section 2.07 until such time as the interest rate on such Bonds shall have been converted to another Interest Rate Mode as provided herein, and such Bonds shall continue to be subject to mandatory purchase as described in Section 4.08. If the Bonds to be converted are being converted from a Bank Loan LIBOR Rate Period and if, for any reason, the Term Rate for the Bonds being converted is not so determined for the Term Rate Period by the Remarketing Agent on or prior to the first day of such Term Rate Period, Bonds shall continue to bear interest at a Bank Loan LIBOR Rate, and shall continue to bear interest at a Bank Loan LIBOR Rate determined in accordance with Section 204 hereof until such time as the interest rate on the Bonds shall have been converted to another Interest Rate Mode as provided herein or the Bonds are tendered for purchase by the Bank Loan LIBOR Rate Holder pursuant to Section 4.06(C) hereof.

(B) Conversion to or Continuation of Term Rate.

(1) Subject to the receipt of a firm underwriting commitment or contract of purchase from a Remarketing Agent to purchase all Bonds being converted, at any time, the Hospital, by written direction to the Bond Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Provider (if any) and, in the case of a Conversion from a Bank Loan LIBOR Rate Period or Bank Loan Fixed Period, the Bank Loan LIBOR Rate Holder or Bank Loan Fixed Rate Holder, respectively, may elect that the Bonds shall bear interest at a Term Rate; provided that (i) at or prior to 12:00 noon (New York City time) on such proposed Term Conversion Date, the Bond Trustee and/or Tender Agent shall have received the Purchase Price of the Bonds from the underwriter under the firm underwriting commitment or contract of purchase, and (ii) on or prior to the Term Conversion Date, a Favorable Opinion shall have been received by the Authority and the Bond Trustee, a copy of which shall be provided to the Remarketing Agent. If a notice of a proposed conversion to a Term Rate Period has been provided to the Bondholders pursuant to Section 2.08(C), but the Bond Trustee and/or Tender Agent shall not have received the entire amount owed with respect to all Bonds on the Term Conversion Date (including, in the case of Bonds sold at a discount, any amounts transferred to the Tender Agent as provided in Section 2.08(D)(2)), or if any other

condition precedent to the Conversion to the Term Rate Period shall not have been met, then all the Bonds shall be subject to mandatory tender for purchase pursuant to Section 4.08, but the proposed Conversion to the Term Rate Period shall not take place. If the proposed Conversion to the Term Rate Period shall not take place, then the Bonds shall bear interest at the Daily Rate, Weekly Rate or Commercial Paper Rate, as the case may be, as in effect immediately prior to such proposed Conversion in the Interest Rate Mode until such time as the Bonds shall have been converted to another Interest Rate Mode as provided herein, and shall continue to be subject to mandatory purchase as provided in Section 4.08. If the proposed Conversion to the Term Rate Period shall not take place and the Bonds are being converted from a Bank Loan LIBOR Rate Period, the Bonds shall continue to bear interest at a Bank Loan LIBOR Rate, and shall continue to bear interest at a Bank Loan LIBOR Rate determined in accordance with Section 204 hereof until such time as the interest rate on the Bonds shall have been converted to another Interest Rate Mode as provided herein or the Bonds are tendered for purchase by the Bank Loan LIBOR Rate Holder pursuant to Section 4.06(C) hereof.

In the event that the Hospital shall elect that the Bonds shall bear interest at a Term Rate, the direction of the Hospital required by the first sentence of this paragraph (B)(1), (i) shall specify the proposed duration of the Term Rate Period during which the Bonds shall bear interest at such Term Rate (provided, however, that the Hospital may specify a different duration of the Term Rate Period by notice to the Bond Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any and, in the case of a Conversion from a Bank Loan LIBOR Rate Period or Bank Loan Fixed Period, the Bank Loan LIBOR Rate Holder or Bank Loan Fixed Rate Holder, respectively, delivered no later than the Business Day preceding the proposed Term Conversion Date); (ii) shall specify the proposed Term Conversion Date, which date shall be (1) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, and (2) in the case of a Conversion from a Commercial Paper Rate Period to a Term Rate Period or from one Term Rate Period to another Term Rate Period, the day immediately following the last day of the Commercial Paper Rate Period or the then-current Term Rate Period; (iii) shall specify the last day of such Term Rate Period (which last day shall be either the day immediately prior to the Maturity Date, or a day which both immediately precedes a Business Day and is at least 271 days after the effective date thereof) (provided, however, that the Hospital may specify a different last day of such Term Rate Period by notice to the Bond Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any), if any (and, in the case of Conversions from a Bank Loan LIBOR Rate Period, the Bank Loan LIBOR Rate Holder) delivered no later than the Business Day preceding the proposed Term Conversion Date); (iv) shall specify a date or dates on or prior to which Holders are required to deliver the Bonds to be purchased; (v) shall confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date and (vi) with respect to Conversions from a Bank Loan LIBOR Rate Period, shall confirm the appointment of a Remarketing Agent and a Tender Agent.

(2) During the Term Rate Period commencing and ending on the dates so determined and during each successive Term Rate Period, if any, the interest rate borne by the Bonds shall be a Term Rate.

(3) If, by the Business Day prior to the last day of any Term Rate Period which ends on a day other than the day immediately preceding the Maturity Date, the Bond Trustee shall not have received notice of the Hospital's election that, during the next succeeding Interest Rate Mode, the Bonds shall be converted to a different Interest Rate Mode as provided in this Article II, the next succeeding Interest Rate Mode for the Bonds shall be the Weekly Rate until such time as the interest rate on the Bonds shall be converted to a different Interest Rate Mode as provided in this Article II.

(C) Notice of Conversion to a Term Rate Period. The Bond Trustee shall give notice by first-class mail of a Conversion to a Term Rate Period to the Holders not less than 15 days prior to the proposed Term Conversion Date. Such notice shall state: (i) the proposed Term Conversion Date; (ii) that all Bonds are subject to mandatory tender for purchase on such proposed Term Conversion Date; (iii) that on and after the Conversion Date no interest shall accrue to such Holder on such Bonds; and (iv) that on and after the Term Conversion Date the Holder of such Bonds shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof.

(D) Notwithstanding the provisions of Section 2.08(A), the Term Rate for the Bonds shall be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell the Bonds at a price (without regarding accrued interest) which will result in the lowest net interest cost for the Bonds under Prevailing Market Conditions, after taking into account any premium or discount at which the Bonds are sold by such Remarketing Agent, provided that:

(1) The Hospital consents in writing to the sale of the Bonds by the Remarketing Agent at such premium or discount; and

(2) In the case of Bonds to be sold at a discount, either (a) a Liquidity Facility is in effect and provides for the purchase of Bonds at such discount or (b) the Hospital agrees to transfer to the Tender Agent on the Term Conversion Date, in immediately available funds, for deposit in the Hospital Purchase Account, an amount equal to such discount.

Section 2.09 Commercial Paper Rate Periods.

(A) Determination of Commercial Paper Rate Periods and Commercial Paper Rates. During each Commercial Paper Rate Period, each Bond shall bear interest during each Commercial Paper Rate Period for such Bond at the Commercial Paper Rate for such Bond. The Commercial Paper Rate Period and the Commercial Paper Rate for each Bond need not be the same for any two Bonds, even if determined on the same date. Each of such Commercial Paper Rate Periods and Commercial Paper Rates for each Bond shall be determined by the Remarketing Agent no later than the first day of each Commercial Paper Rate Period. Each Commercial Paper Rate Period for each Bond shall be a period of not more than 270 days,

provided, however, that if a Liquidity Facility is in effect for such Bonds, no Commercial Paper Rate Period for such Bonds shall extend to a date later than the Business Day preceding the Expiration Date. Each Commercial Paper Rate shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date.

The Commercial Paper Rate for each Bond in a Commercial Paper Rate Period shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Bond on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate. If, for any reason, a Commercial Paper Rate for any Bond in a Commercial Paper Rate Period is not so established by the Remarketing Agent for any Commercial Paper Rate Period, or if such Commercial Paper Rate is determined by a court of law to be invalid or unenforceable (each a "Failure Date"), then the Commercial Paper Rate for such Commercial Paper Rate Period shall be the rate per annum equal to 70% of the Failure Rate LIBOR Index until the Remarketing Agent determines the Commercial Paper Rate as required hereunder.

(B) Conversion to Commercial Paper Rates. At any time the Hospital, may elect that the Bonds shall bear interest at Commercial Paper Rates. The Hospital shall make such election by written direction to the Bond Trustee, the Tender Agent, the Remarketing Agent, the Liquidity Facility Provider (if any), and the Credit Facility Provider (if any) and, in the case of a Conversion from a Bank Loan LIBOR Rate Period or Bank Loan Fixed Period, the Bank Loan LIBOR Rate Holder or Bank Loan Fixed Rate Holder, respectively. Such direction of the Hospital shall (1) specify the proposed effective date of the Commercial Paper Rate Period (during which the Bonds shall bear interest at Commercial Paper Rates), which shall be (a) a Business Day not earlier than the 15th day following the second Business Day after receipt by the Bond Trustee of such direction, (b) in the case of a Conversion from a Term Rate Period, the day immediately following the last day of the then-current Term Rate Period, and (c) in the case of a Conversion from a Weekly Rate Period, the day immediately following the last day of such Weekly Rate Period, (2) confirm that the Bonds will meet at least one of the criteria set forth in Section 189.4085, Florida Statutes, as amended, on the Conversion Date and (3) in the case of Conversion from a Bank Loan LIBOR Rate Period, Bank Loan Fixed Rate Period or a Term Rate Period, confirm the appointment of a Remarketing Agent and a Tender Agent for the Bonds being converted. The direction of the Hospital shall be accompanied by a form of the notice to be mailed by the Bond Trustee to the Holders as provided in Section 2.09(C). During each Commercial Paper Rate commencing on the date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Mode, each Bond shall bear interest at a Commercial Paper Rate.

(C) Notice of Conversion to Commercial Paper Rates. The Bond Trustee shall give notice by first-class mail of a Conversion to a Commercial Paper Rate Period for Bonds to the Holders not less than 15 days prior to the proposed effective date of such Commercial Paper Rate Period. Such notice shall state: (i) that Bonds shall be converted to bear interest in a different Interest Rate Mode unless conditions precedent to such Conversion are not met; (ii) the proposed Conversion Date; (iii) that all Bonds are subject to mandatory tender for purchase on such proposed Conversion Date; (iv) that on and after the Conversion Date no interest shall accrue to

such Holder on such Bonds; and (v) that on and after the Conversion Date the Holder of such Bonds shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. Such notice shall also set forth the Purchase Price and the place of delivery for purchase of Bonds and the date for delivery of such Bonds if other than the effective date of the Commercial Paper Rate Period.

(D) Conversion from Commercial Paper Rate Period. At any time during a Commercial Paper Rate Period, the Hospital may elect that the Bonds shall no longer bear interest at Commercial Paper Rates and shall instead bear interest at a Bank Loan Fixed Rate, Bank Loan LIBOR Rate, a Daily Rate, a Weekly Rate or a Term Rate, as specified in such election. The date on which all Commercial Paper Rates shall end shall be the last day of the then-current Commercial Paper Rate Period and the day next succeeding such date shall be the effective date of the Bank Loan Fixed Rate, Bank Loan LIBOR Rate Period, Daily Rate Period, Weekly Rate Period or Term Rate Period elected by the Hospital.

Section 2.10 Notice of Conversion; Cancellation of Conversion.

(A) In the event that the Hospital shall elect to convert the Interest Rate Mode on the Bonds to a Bank Loan LIBOR Rate, a Bank Loan Fixed Rate, a Daily Rate, a Weekly Rate, a Term Rate or Commercial Paper Rates, as provided in this Article II, then the written direction furnished by the Hospital pursuant to Section 2.04(B), Section 2.05(B), Section 2.06(B), Section 2.07(B), Section 2.08(B) or Section 2.09(B), as applicable, shall be made by registered or certified mail, or by telecopy, confirmed by registered or certified mail, or by email, confirmed by registered or certified mail. Any such direction of the Hospital shall be accompanied by a copy of the notice required to be given by the Bond Trustee pursuant to Section 2.04(C), Section 2.05(C), Section 2.06(C), Section 2.07(C), Section 2.08(C) or Section 2.09(C) as applicable.

(B) Notwithstanding anything in Article II, in connection with any Conversion of the Interest Rate Mode on the Bonds, the Hospital shall cause the following to be provided to the Authority and the Bond Trustee on the effective Conversion Date: (i) an opinion of Bond Counsel to the effect that as of the Conversion Date the Bonds meet at least one of the criteria set forth in Section 189.4085, Florida Statutes and (ii) with respect to the Conversion of the Interest Rate Mode to a Term Rate, a Favorable Opinion. In the event that Bond Counsel fails to deliver the applicable opinions or any other condition precedent to such Conversion is not met on the proposed effective Conversion Date, then the Interest Rate Mode shall not be converted, and the Bonds shall continue to bear interest at a Bank Loan Fixed Rate, Bank Loan LIBOR Rate, a Daily Rate, a Weekly Rate or Commercial Paper Rates, as the case may be, as in effect immediately prior to such proposed Conversion in the Interest Rate Mode. In any event, if notice of such Conversion has been mailed to the Holders as provided in Article II and any conditions set forth in this Article II have not been met, the Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the proposed effective Conversion Date as provided in Section 4.08. If the proposed Conversion shall not take place and the Bonds were then bearing interest in a Bank Loan Rate Period, the Bonds shall continue to bear interest at a Bank Loan Rate, and shall continue to bear interest at a Bank Loan Rate determined in accordance with Section 2.04 or 2.05 hereof until such time as the interest rate on the Bonds shall have been converted to another Interest Rate Mode as provided herein or the Bonds are tendered for purchase by the Bank Loan Rate Holder pursuant to Section 4.11 hereof.

(C) The Hospital may cancel its election to adjust the Interest Rate Mode on the Bonds on any date prior to the date on which notice of such Conversion has been mailed to the Holders of the Bonds as provided in this Article II upon notice to the Bond Trustee, and, in the case of a Conversion from a Daily Rate Period, a Weekly Rate Period, a Term Rate Period or a Commercial Paper Rate Period, the Tender Agent and the Remarketing Agent, and, in the case of a Conversion from a Bank Loan LIBOR Rate Period or Bank Loan Fixed Period, the Bank Loan LIBOR Rate Holder or Bank Loan Fixed Rate Holder, respectively. In such event, the Bonds shall remain in the current Interest Rate Mode and the interest rate on the Bonds shall continue to be determined as provided in this Article II.

Section 2.11 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chairman or Vice Chairman and under the seal of the Authority. Such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to either the Bond Trustee or the Tender Agent for authentication. In case the officer who shall have signed any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed shall have been authenticated or delivered by the Bond Trustee or the Tender Agent, as applicable, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the officer who signed the same had continued to be such officer of the Authority, and also any Bond may be signed on behalf of the Authority by such person as at the actual date of execution of such Bond shall be Chairman or Vice Chairman of the Authority at the nominal date of such Bond any such person shall not have been such officer of the Authority.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A manually executed by an authorized signatory of the Bond Trustee or the Tender Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Indenture, and such certificate of the Bond Trustee or the Tender Agent, as applicable, shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Bond Indenture.

Section 2.12 Transfer of Bonds. Subject to the provisions of Section 2.17, any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.15, by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Bond Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Bond Trustee shall authenticate and deliver a new Bond or Bonds and for a like aggregate principal amount. The Bond Trustee shall require the Bondholder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and the Bond Trustee may also require the Bondholder requesting such transfer to pay a reasonable sum to cover expenses incurred by the Bond Trustee or the Authority in connection with such transfer. The Bond Trustee shall not be required to transfer (i) any Bond during the 15

days next preceding the date on which notice of redemption of Bonds is given, or (ii) any Bond called for redemption; provided, however, that the foregoing provisions shall not preclude a Holder from tendering a Bond for purchase pursuant to Section 4.06 hereof.

Section 2.13 Exchange of Bonds. Bonds may be exchanged at the Designated Office of the Bond Trustee for a like aggregate principal amount of Bonds of other Authorized Denominations. The Bond Trustee shall require the Bondholder requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange and the Bond Trustee may also require the Bondholder requesting such exchange to pay a reasonable sum to cover expenses incurred by the Bond Trustee or the Authority in connection with such exchange. The Bond Trustee shall not be required to exchange (i) any Bond during the 15 days next preceding the date on which notice of redemption of Bonds is given or (ii) any Bond called for redemption; provided, however, that the foregoing provision shall not preclude a Holder from tendering a Bond for purchase pursuant to Section 4.06 hereof.

Section 2.14 Bond Register. The Bond Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times (during regular business hours at the location where such books are kept and subject to the reasonable regulations of the Bond Trustee) be open to inspection by any Bondholder or such Bondholder's agent duly authorized in writing, the Authority, each Credit Facility Provider (if any), each Liquidity Facility Provider (if any) and the Hospital; and, upon presentation for such purpose, the Bond Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.15 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of this Bond Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and be authenticated by the Bond Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Designated Office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Bond Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.16 Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Authority, at the expense of the Holder of said Bond, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Bond Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Authority and the Bond Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them

shall be given, the Authority, at the expense of the Holder, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Bond Trustee may pay the same without surrender thereof). The Bond Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Bond Trustee in complying with this Section. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall replace the Bond alleged to be lost, stolen or destroyed as an original contractual obligation on the part of the Authority, and shall be entitled to the benefits of this Bond Indenture with all other Bonds secured by this Bond Indenture.

Section 2.17 Use of Securities Depository; Bank Loan Rate Holder for Bank Loan Rate Bonds. Notwithstanding any provision of this Bond Indenture to the contrary:

(A) Except as provided in subsection (F) below, the Owner of all Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(1) To any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to clause (2) of this subsection (A) ("substitute depository"); provided that any successor of the Securities Depository or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) To any substitute depository designated by the Authority upon (a) the resignation of the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository or (b) a determination by the Authority that the Securities Depository or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(3) To any Person as provided below, upon (a) the resignation of the Securities Depository or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository can be obtained or (b) a determination by the Authority that it is in the best interests of the Authority to remove the Securities Depository or its successor (or any substitute depository or its successor) from its functions as depository; or

(4) To any Person in connection with the registration or transfer of Bank Bonds.

(B) In the case of any transfer pursuant to clause (1) or clause (2) of subsection (A), upon receipt of the Outstanding Bonds by the Bond Trustee, together with a Certificate of the Authority to the Bond Trustee, a single new Bond shall be executed and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such

successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the Authority. In the case of any transfer pursuant to clause (3) of subsection (A), upon receipt of the Outstanding Bonds by the Bond Trustee together with a Certificate of the Authority to the Bond Trustee, new Bonds shall be executed and delivered in such denominations numbered in consecutive order and bearing numbers not heretofore issued and registered in the names of such Persons as are requested in such a Certificate of the Authority, subject to the limitations of Section 2.02, provided the Bond Trustee shall not be required to deliver such new Bonds within a period less than 60 days from the date of receipt of such a Certificate of the Authority.

(C) In the case of partial redemption or a defeasance of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Bond Trustee.

(D) The Authority and the Bond Trustee shall be entitled to treat the Person in whose name any Bond is registered as the Bondholder thereof for all purposes of the Bond Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Bond Trustee or the Authority; and the Authority and the Bond Trustee shall have no responsibility for transmitting payments to, communicating with, notifying or otherwise dealing with any beneficial Holders of the Bonds. Neither the Authority nor the Bond Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial Holders or to any other party including the Securities Depository or its successor (or substitute depository or its successor), except for the Holder of any Bond.

(E) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Authority and the Bond Trustee shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns in effecting payment of the principal of and redemption premium (if any) and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(F) During any Bank Loan Rate Period, the Bonds shall be issuable in the name of the sole Bank Loan Rate Holder or nominee thereof and not held under a book-entry system. The Owner of all Bonds shall be the same Person during any Bank Loan Rate Period.

(G) During any Bank Loan Rate Period, all payments of the principal of (including Sinking Fund Installments) and interest on the Bonds shall be paid directly to the Bank Loan Rate Holder, as provided in Section 6.01 herein.

Section 2.18 Liquidity Facility.

Unless a Credit Facility providing liquidity for the purchase of tendered Bonds is in effect, and unless otherwise approved by the Issuer, a Liquidity Facility in an amount equal to the sum of outstanding principal of the Bonds and interest calculated at the Maximum Interest Rate for such number of days as may be required by the Rating Agencies then rating such Bonds (as evidenced by delivery of the credit rating on such Bonds), shall be maintained by the

Obligated Group for the Bonds bearing interest at the Weekly Interest Rate, the Daily Interest Rate or the Commercial Paper Rate, to the extent the Hospital shall elect.

Section 2.19 Credit Facility.

While the Bonds bear interest at the Daily Rate or Weekly Rate or, if and to the extent that the Obligated Group shall elect, the Commercial Paper Rate, the Bank Loan LIBOR Rate, the Bank Loan Fixed Rate or the Bank Loan Term Rate, the Hospital may maintain a Credit Facility for such Bonds in lieu of a Liquidity Facility as contemplated by Section 2.18.

Section 2.20 Additional Provisions Relating to Bonds Bearing Interest at a Bank Loan Rate.

Notwithstanding any provision to the contrary in this Bond Indenture, so long as the Bonds bear interest at a Bank Loan Rate:

(A) The Bonds shall not be rated by any Rating Agency, shall not be registered in the name of "Cede & Co." or otherwise be DTC eligible, shall not contain a CUSIP number and shall not be marketed during any period in which the Bonds are held by the Bank pursuant to any official statement, offering memorandum or any other disclosure documentation.

(B) The Bond Trustee shall provide for physical delivery of the Bonds in form attached hereto as Exhibit A to the Bank and the Series 2011 Master Note shall be issued directly to the Bank to secure the obligations of the Hospital to the Bank.

(C) Upon payment for the Bonds by the Borrower as provided herein, the Bonds and the Series 2011 Note shall be delivered to the Bond Trustee for cancellation and the such Bonds and the and Series 2011 Note shall be cancelled by the Bond Trustee.

(D) During any Bank Loan Rate Period, the provisions set forth in Section 2.06, Section 2.07, Section 2.08 and Section 2.09 of this Bond Indenture shall not be deemed effective.

Section 2.21 CUSIP Numbers.

The Authority in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Bond Trustee shall use "CUSIP" numbers in notices or redemption as a convenience to Bondholders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Hospital will promptly notify the Bond Trustee in writing of any change in the "CUSIP" numbers. No "CUSIP" number will be obtained while the Bonds are in a Bank Loan Rate Period.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01 Issuance of Bonds. At any time after the execution of this Bond Indenture, the Authority may execute and the Bond Trustee shall authenticate and, upon Request of the Authority, deliver the Bonds in the aggregate principal amount of \$12,500,000.

Section 3.02 Application of Proceeds of Bonds. The proceeds received from the sale of the Bonds in the amount of \$12,500,000 shall be deposited in trust with the Bond Trustee, who shall irrevocably transfer \$12,500,000 to the Refunded Bonds Trustee to be held in trust by the Refunded Bonds Trustee and to be applied by the Refunded Bonds Trustee to reimburse SunTrust Bank, as provider of the letter of credit securing the Refunded Bonds, for a draw on such letter of credit to pay the principal of \$12,500,000 of Refunded Bonds to be redeemed on February 2, 2011, the redemption date of the Refunded Bonds, all in accordance with written instructions by the Hospital.

Section 3.03 Reserved.

Section 3.04 Validity of Bonds.

The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Bond Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION AND TENDER OF BONDS

Section 4.01 Terms of Redemption.

(A) The Bonds are subject to redemption prior to their respective stated Maturity Date, at the option of the Authority upon the Request of the Hospital, as a whole or in part, in such amounts and of such maturities as may be designated by the Hospital (or if the Hospital fails to designate such maturities, in inverse order of maturity) and by lot among Bonds with the same maturity, on any date, to the extent of hazard insurance or condemnation proceeds received with respect to the facilities of the Members and deposited in the Special Redemption Account, at the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

(B) While any Daily Rate or Weekly Rate is in effect, the Bonds are also subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon request of the Hospital given to the Bond Trustee (unless waived by the Bond Trustee) at least 25 days prior to the date fixed for redemption), in whole or in part (in such amounts and of such maturities as may be designated by the Hospital) on any date at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

(C) While any Term Rate is in effect, the Bonds are subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon request of the Hospital given to the Bond Trustee (unless waived by the Bond Trustee) at least 45 days prior to the date fixed for redemption), (i) in whole or in part on any Term Conversion Date at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium and (ii) in whole or in part on any date, in such amounts as may be designated by the Hospital by lot among Bonds, at the Redemption Prices set forth below, plus accrued interest to the date fixed for redemption, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

<u>LENGTH OF TERM RATE PERIOD</u>	<u>COMMENCEMENT OF REDEMPTION PERIOD</u>	<u>REDEMPTION PRICE</u>
Less than 6 years and greater than or equal to 5 years	Third anniversary of the commencement of Term Rate Period	100% or such alternate redemption price up to a maximum of 101% ("Alternate Redemption Price") provided that a Favorable Opinion of Bond Counsel is delivered with respect to the establishment of such Alternate Redemption Price
Less than 5 years	Bonds not subject to optional redemption pursuant to this subsection	

The above table may be amended prior to the establishment of a particular Term Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

(D) While any Bank Loan Rate is in effect, the Bonds are also subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon Request of the Hospital given to the Bond Trustee at least 15 days prior to the date fixed for redemption), in whole or in part by lot, on any date, at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium, provided that during a Bank Loan Fixed Rate Period, the Redemption Price also shall include the applicable Make-Whole Payment.

(E) While any Commercial Paper Rate is in effect, the Bonds are also subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon Request of the Hospital given to the Bond Trustee at least 25 days prior to the date fixed for redemption), in whole or in part by lot on the day succeeding the last day of the

Commercial Paper Rate Period at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

(F) The Bonds are also subject to redemption in part prior to its stated maturity from Sinking Fund Installments established pursuant Section 5.04(C) at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

(G) Bank Bonds shall be subject to redemption prior to their stated maturity at the direction of the Hospital in accordance with the provisions providing for redemption of such Bank Bonds as shall be set forth in the Liquidity Facility or the Credit Facility Provider Agreement then in effect pursuant to which such Bank Bonds were purchased.

Section 4.02 Selection of Bonds for Redemption; Partial Redemption of Bonds.

Whenever provision is made in this Bond Indenture for the redemption of less than all of the Bonds, the Bond Trustee shall select the Bonds to be redeemed from all Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner and at such time which the Bond Trustee in its sole discretion shall deem appropriate and fair; provided, however, that Bonds shall be redeemed in the following order of priority (and by lot within each priority):

FIRST: Any Bonds which are Bank Bonds; and

SECOND: Any other Bonds.

Upon surrender of any Bond redeemed in part only, the Authority shall execute (but need not prepare) and the Bond Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Hospital, a new Bond or Bonds of Authorized Denominations, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.03 Notice of Redemption. Notice of redemption shall be mailed by the Bond Trustee to the Holders of Bonds called for redemption at their addresses appearing on the bond registration books of the Bond Trustee, such notice to be mailed (i) not less than ten days prior to the redemption date in the case of redemption of Bonds bearing interest at a Daily Rate, a Weekly Rate, a Commercial Paper Rate or a Bank Loan Rate and (ii) not less than 30 days, nor more than 60 days, prior to the redemption date in the case of redemption of Bonds bearing interest at a Term Rate. The Bond Trustee shall also give notice of redemption by overnight mail, facsimile or courier service to the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the Remarketing Agent and the Master Trustee. Each notice of redemption shall state the date of such notice, the Date of Issuance of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee), the CUSIP numbers (if any) and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that, subject to prior rescission as provided in the next paragraph of this Section, on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case

of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Each notice shall also state that redemption is conditioned upon receipt by the Bond Trustee of sufficient funds on the redemption date (which shall be Available Moneys if required pursuant to Section 4.01 hereof) to pay the Redemption Price of the Bonds to be redeemed.

Any notice given pursuant to this Section 4.03 may be rescinded by written notice given to the Bond Trustee by the Hospital no later than five Business Days prior to the date specified for redemption. The Bond Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as notice of such redemption was given pursuant to this Section 4.03.

Failure by the Bond Trustee to give notice pursuant to this Section 4.03 to the Credit Facility Provider, the Liquidity Facility Provider, the Remarketing Agent or the Master Trustee, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Bond Trustee to mail notice of redemption pursuant to this Section 4.03 to any one or more of the respective Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

Notice of redemption of Bonds shall be given by the Bond Trustee, at the expense of the Hospital, for and on behalf of the Authority.

Section 4.04 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice, together with interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Bond Indenture and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment. All Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof and delivered to or upon the Order of the Authority.

Section 4.05 Mandatory Purchase in Lieu of Redemption. Each Holder, by purchase and acceptance of any Bond irrevocably grants to the Hospital the option to purchase such Bond, at any time such Bond is subject to optional redemption as provided in this Article IV at a purchase price equal to the Redemption Price then applicable to such Bond plus accrued interest thereon to the date of purchase. In order to exercise such option, the Hospital shall deliver to the Bond Trustee a Favorable Opinion of Bond Counsel and shall direct the Bond Trustee to provide notice of mandatory purchase, such notice to be provided, as and to the extent applicable, in accordance with the provisions set forth in Section 4.03 hereof. On the date fixed for purchase of any Bond pursuant to this Section 4.05, the Hospital shall pay the purchase price of such Bond to the Bond Trustee in immediately available funds and the Bond Trustee shall pay the same to

the Holders of Bonds being purchased against delivery thereof. Following such purchase, the Bond Trustee shall register such Bonds in accordance with the written instructions of the Hospital. No purchase of any Bond pursuant to this Section 4.05 shall operate to extinguish the indebtedness evidenced by such Bond. No Holder may elect to retain a Bond subject to mandatory purchase pursuant to this Section 4.05. Notwithstanding any other provision of this Bond Indenture, including, Section 4.11(E), the purchase price of any Bond subject to mandatory purchase in lieu of redemption pursuant to this Section 4.05 shall be paid solely by the Hospital and such Bonds shall not be eligible to be purchased and shall not be purchased from a drawing on any Liquidity Facility. Bonds subject to mandatory purchase in lieu of redemption pursuant to this Section 4.05 do not constitute Purchased Bonds. In the event that the Hospital lacks sufficient funds to pay the purchase price of any Bond subject to mandatory purchase in lieu of redemption pursuant to this Section 4.05 on the date fixed for such purchase, the Hospital shall cancel such mandatory purchase in lieu of redemption and shall return such Bond to the Holder who shall have tendered such Bond for mandatory purchase in lieu of redemption pursuant to this Section 4.05.

Section 4.06 Optional Tender for Purchase upon Election of Bondholder.

(A) During any Daily Rate Period, any Eligible Bond shall be purchased from its Holder at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount thereof, plus accrued interest (if any) payable in immediately available funds, upon delivery to the Tender Agent not later than 10:00 a.m., New York City time, at its Designated Office for delivery of notices of an irrevocable written notice which states the principal amount of the Bonds and the Purchase Date. Any notice delivered to the Tender Agent after 10:00 a.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. For payment of such Purchase Price on the date specified in such notice, the Holder must deliver the Bond, at or prior to 1:00 p.m., New York City time, on the date specified in such notice (or, if applicable, the date such notice was deemed to be received) to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

(B) During any Weekly Rate Period, any Eligible Bond shall be purchased from its Holder at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest (if any) payable in immediately available funds, upon delivery to the Tender Agent at its Designated Office for delivery of notices of an irrevocable written notice which states the principal amount of the Bond and the Purchase Date, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. For payment of such Purchase Price on the date specified in such notice, such Bond must be delivered, at or prior to 10:00 a.m., New York City time, on the date specified in such notice (or, if applicable, the date such notice was deemed to be received) to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized

attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Section 4.07 Mandatory Tender for Purchase On Day Next Succeeding the Last Day of Each Commercial Paper Rate Period. On the day next succeeding the last day of each Commercial Paper Rate Period for an Eligible Bond bearing interest at a Commercial Paper Rate, unless such day is a Conversion Date for the Bonds (in which event such Bond shall be subject to mandatory purchase pursuant to Section 4.08), such Bond shall be purchased from its Holder at the Purchase Price payable in immediately available funds, if such Bond is delivered to the Tender Agent at or prior to 10:00 a.m., New York City time, on such day, or if delivered after 10:00 a.m., New York City time, on the next succeeding Business Day. The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Section 4.08 Mandatory Tender for Purchase on Each Conversion Date. Eligible Bonds shall be subject to mandatory tender for purchase on each Conversion Date or on the day which would have been the Conversion Date for such Bonds had an event not occurred which resulted in the interest rate not being converted as provided in Article II hereof, at a Purchase Price, payable in immediately available funds, equal to the principal amount of such Bonds, plus accrued interest (if any) to the date of purchase. The Purchase Price of any Bond so purchased shall be payable on or prior to 2:00 p.m., New York City time, on the date specified for such delivery in this Section but only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Section 4.09 Mandatory Tender Upon Termination, Expiration, Substitution or Cancellation of Liquidity Facility or Credit Facility. Eligible Bonds shall be subject to mandatory tender for purchase on each Bank Default Tender Date, Alternate Liquidity Facility Purchase Date and Alternate Credit Facility Purchase Date, and on the second Business Day preceding each Cancellation Date, Noticed Termination Date or Expiration Date, at a Purchase Price, payable in immediately available funds, equal to the principal amount, plus accrued interest (if any). The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program, at or prior to 10:00 a.m., New York City time, on the date specified for such delivery in a notice provided to Holders of the Bonds by the Bond Trustee.

Section 4.10 Reserved.

Section 4.11 General Provisions Relating to Tenders.

(A) Creation of Bond Purchase Fund.

(i) There shall be created and established hereunder with the Tender Agent a fund to be designated the "Bond Purchase Fund." Moneys deposited to the Bond Purchase Fund shall be held in trust and shall be applied solely as provided in this Section 4.11.

(ii) There shall be created and designated the following accounts within the Bond Purchase Fund: the "Remarketing Proceeds Account," the "Liquidity Facility Account," and the "Hospital Purchase Account." Moneys paid to the Tender Agent for the purchase of Tendered Bonds or deemed Tendered Bonds received (i) from the Remarketing Agent shall be deposited in the Remarketing Proceeds Account, in accordance with the provisions of Section 4.11(D)(i), from payments pursuant to a Liquidity Facility (if any) shall be deposited in the Liquidity Facility Account, in accordance with the provisions of Section 4.11(D)(ii), from the Hospital or any other Member of the Obligated Group shall be deposited in the Hospital Purchase Account, in accordance with the provisions of Section 4.11(D)(iii). Moneys provided from payments made under a Liquidity Facility (if any) not required to be used in connection with the purchase of Tendered Bonds to which such Liquidity Facility relates shall be returned to the Liquidity Facility Provider in accordance with Section 4.11(D). Moneys provided by the Hospital not required to be used in connection with the purchase of Tendered Bonds shall be returned to the Hospital in accordance with Section 4.11(D) and Section 4.11(E).

(iii) None of the Hospital, any Member of the Obligated Group, the Authority, the Bond Trustee or the Tender Agent shall have any right, title or interest in any of the funds held on deposit in the Liquidity Facility Account, the Remarketing Proceeds Account nor any remarketing proceeds held for any period of time by the Remarketing Agent.

(iv) Moneys in the Remarketing Proceeds Account, the Liquidity Facility Account and the Hospital Purchase Account shall not be commingled with moneys held in any other account held by the Tender Agent hereunder or with any other funds held by the Tender Agent and shall remain uninvested.

(B) Deposit of Bonds. The Tender Agent agrees to hold all Bonds delivered to it pursuant to Section 4.06, Section 4.07, Section 4.08 and Section 4.09 of this Bond Indenture in trust for the benefit of the respective Holders of such Bonds until moneys representing the Purchase Price of such Bonds have been delivered to such Holder in accordance with the provisions of this Bond Indenture and until such Bonds shall have been delivered by the Tender Agent in accordance with Section 4.11(F).

(C) Remarketing of Bonds.

(i) Immediately upon its receipt, but not later than 10:30 a.m., New York City time, on the same Business Day in the case of a Bond bearing interest at a Daily Rate or 12:00 noon, New York City time, on the following Business Day in the case of a Bond bearing interest at a Weekly Rate, from a Holder of a notice pursuant to Section 4.06 of this Bond Indenture, the Tender Agent shall notify the Remarketing Agent, the Liquidity Facility Provider (if any) and the Hospital by telephone, promptly confirmed in writing, or by telecopy, of such receipt, specifying the principal amount of Bonds for which it has received a notice pursuant to Section 4.06 of this Bond Indenture, the names of the Holders thereof and the date on which such Bonds are to be purchased in accordance with Section 4.06.

(ii) As soon as practicable, but in no event later than 11:30 a.m., New York City time, on the Purchase Date, the Remarketing Agent shall inform the Tender Agent by telephone, promptly confirmed in writing, of the principal amount of Purchased Bonds for which the Remarketing Agent has identified prospective purchasers and of the name, address and taxpayer identification number of each such purchaser, the principal amount of Purchased Bonds to be purchased and the Authorized Denominations in which such Purchased Bonds are to be delivered. Upon receipt from the Remarketing Agent of such information, the Tender Agent shall prepare Purchased Bonds in accordance with such information received from the Remarketing Agent for the registration of transfer and redelivery to the Remarketing Agent.

(iii) Any Purchased Bonds which are subject to mandatory tender for purchase in accordance with Section 4.07, Section 4.08 or Section 4.09 which are not presented to the Tender Agent on the Purchase Date and any Purchased Bonds which are the subject of a notice pursuant to Section 4.06 which are not presented to the Tender Agent on the Purchase Date, shall, in accordance with the provisions of Section 4.13, be deemed to have been purchased upon the deposit of moneys equal to the Purchase Price thereof into any or all of the accounts or subaccounts of the Bond Purchase Fund.

(D) Deposits of Funds.

(i) The Tender Agent shall deposit into the Remarketing Proceeds Account any amounts received by it from a Remarketing Agent in immediately available funds by 11:45 a.m., New York City time, on the Purchase Date on account of Purchased Bonds remarketed by such Remarketing Agent in accordance with Section 4.14(A) hereof.

(ii) By 12:00 noon, New York City time on a Purchase Date, the Tender Agent shall notify the Liquidity Facility Provider (if any), the Credit Facility Provider (if any) and the Hospital by telephone, immediately confirmed in writing, of the amount of funds (if any) required to be transferred to the Tender

Agent (the "Funding Amount") which shall be the amount (if any) by which the total Purchase Price of the Purchased Bonds which are Eligible Bonds exceeds the sum of the amounts then on deposit in the Remarketing Proceeds Account and if a Liquidity Facility is then in effect with respect to such Bonds, the Tender Agent shall draw on such Liquidity Facility. If a Liquidity Facility is in effect with respect to the Tendered Bonds which are Eligible Bonds, the Liquidity Facility Provider shall transfer the Funding Amount to the Tender Agent at or before the time specified in such Liquidity Facility. The Tender Agent shall deposit such amount in the Liquidity Facility Account.

(iii) The Hospital has agreed in Section 3.5 of the Loan Agreement to pay to the Tender Agent in immediately available funds the Funding Amount by 2:00 p.m., New York City time (a) if a Liquidity Facility is not in effect with respect to the Purchased Bonds or (b) if the Liquidity Facility Provider has not paid the full amount required by clause (ii) of this subsection (D) at the times required therein. The Tender Agent shall deposit such amount into the Hospital Purchase Account.

(iv) The Tender Agent shall hold all proceeds received from each Remarketing Agent, each Liquidity Facility Provider or the Hospital pursuant to this Section 4.11(D) in trust for the tendering Bondholders. In holding such proceeds and moneys, the Tender Agent will be acting on behalf of such Bondholders by facilitating purchase of such Bonds and not on behalf of the Authority, the Liquidity Facility Provider or the Hospital and will not be subject to the control of any of them. Subject to the provisions of Section 4.11(E) after payment in full of the Bonds, the Tender Agent shall pay any moneys remaining in any account of the Bond Purchase Fund directly to the Persons for whom such money is held upon presentation of evidence reasonably satisfactory to the Tender Agent that such Person is rightfully entitled to such money and the Tender Agent shall not pay such amounts to any other person.

(E) Disbursements; Payment of Purchase Price. Moneys delivered to the Tender Agent on a Purchase Date shall be applied at or before 2:30 p.m. New York City time on such Purchase Date to pay the Purchase Price of Purchased Bonds in immediately available funds as follows, in the indicated order of application and, to the extent not so applied on such date, shall be held in the separate and segregated accounts of the Bond Purchase Fund for the benefit of the Holders of the Purchased Bonds which were to have been purchased:

- | | |
|---------|--|
| FIRST: | Moneys deposited in the Remarketing Proceeds Account. |
| SECOND: | Moneys deposited in the Liquidity Facility Account (if any) with respect to the Purchased Bonds. |
| THIRD: | Moneys deposited in the Hospital Purchase Account. |

Any moneys held by the Tender Agent in a Purchase Account remaining unclaimed by the Holders of the Purchased Bonds which were to have been purchased for two (2) years after the respective Purchase Date for such Bonds shall be paid, upon the written request of the Hospital, to the Hospital, against written receipt therefor. The Holders of Purchased Bonds who have not yet claimed money in respect of such Bonds shall thereafter be entitled to look only to the Hospital to the extent moneys have been transferred to it in accordance with this Section.

(F) Delivery of Purchased Bonds.

(i) The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the Tender Agent on each date on which Bonds shall have been purchased pursuant to Section 4.06, Section 4.07 and Section 4.08 and Section 4.09, specifying the principal amount of such Bonds (if any) sold by it pursuant to Section 4.14(A) along with a list of such purchasers showing the names and Authorized Denominations in which such Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers. By 1:30 p.m. New York City time on the Purchase Date in the case of Bonds bearing interest at a Daily Rate to be purchased pursuant to Section 4.06(A) and by 12:00 noon New York City time on the Purchase Date in the case of Bonds bearing interest at a Weekly Rate to be purchased pursuant to Section 4.06(B) and any Bonds to be purchased pursuant to Section 4.07, Section 4.08 and Section 4.09, a principal amount of Bonds equal to the amount of Purchased Bonds purchased with moneys from the Remarketing Proceeds Account shall be made available by the Tender Agent to the Remarketing Agent against payment therefor in immediately available funds. The Tender Agent shall prepare each Bond to be so delivered in such names as directed by the Remarketing Agent pursuant to Section 4.11(C)(ii).

(ii) A principal amount of Bonds equal to the amount of Purchased Bonds purchased from moneys on deposit in the Liquidity Facility Account shall be delivered on the day of purchase by the Tender Agent to or as directed by the Liquidity Facility Provider. The Tender Agent shall register such Bonds in the name of the Liquidity Facility Provider or as otherwise provided in the Liquidity Facility.

(iii) A principal amount of Bonds equal to the amount of Purchased Bonds purchased from moneys on deposit in the Hospital Purchase Account shall be delivered on the day of such purchase by the Tender Agent to or as directed by the Hospital. The Tender Agent shall register such Bonds in the name of the Hospital or as otherwise directed by the Hospital.

Section 4.12 Notice of Mandatory Tender. In connection with any mandatory tender for purchase of Bonds in accordance with Section 4.07, Section 4.08 or Section 4.09, in the event that a Securities Depository is utilized as provided in Section 2.17, the provisions of such Securities Depository relating to delivery of such Bonds shall apply and no physical delivery of such Bonds shall be required. In the event that the use of a Securities Depository is discontinued, the Tender Agent shall give the notice provided herein at the same time as the

Bond Trustee is required to give notice pursuant to Section 2.06(C), Section 2.07(C), Section 2.08(C) or Section 2.09(C).

(B) At least 10 days prior to each Expiration Date, the Bond Trustee shall give notice by first-class mail to the Holders of Eligible Bonds of the scheduled Expiration Date and the proposed Purchase Date for such Bonds, which Purchase Date shall be not later than two Business Days prior to the Expiration Date.

(C) At least 10 days prior to a proposed Cancellation Date, the Bond Trustee shall give notice by first-class mail to the Holders of Eligible Bonds of the proposed Cancellation Date and the proposed Purchase Date for such Bonds, which Purchase Date shall be no later than the two Business Days prior to the Cancellation Date.

(D) At least 10 days prior to a proposed Alternate Liquidity Facility Purchase Date or Alternate Credit Facility Purchase Date, the Bond Trustee shall give notice by first-class mail to the Holders of Eligible Bonds of the proposed delivery of an Alternate Liquidity Facility or Alternate Credit Facility and the proposed Alternate Liquidity Facility Purchase Date or Alternate Credit Facility Purchase Date for such Bonds.

(E) Promptly upon the receipt of notice of the proposed Noticed Termination Date from the Liquidity Facility Provider, but in no event more than two Business Days after receipt of such notice, the Tender Agent shall give notice by first-class mail to the Holders of Eligible Bonds being converted of the Noticed Termination Date and the Liquidity Facility Provider's obligation to purchase such Eligible Bonds on a Business Day which is not more than five Business Days after the Tender Agent receives notice of the proposed Noticed Termination Date from the Liquidity Facility Provider but in no event later than two Business Days prior to the Noticed Termination Date.

(F) Promptly upon the receipt of notice of the proposed Bank Default Tender Date from a Credit Facility Provider, but in no event more than two Business Days after receipt of such notice, the Tender Agent shall give notice by first-class mail to the Holders of all Eligible Bonds of the Bank Default Tender Date and the Credit Facility Provider's obligation to purchase such Eligible Bonds on such Bank Default Tender Date.

(G) Any such notice given pursuant to this Section 4.12 shall state: (1) that all Bonds so subject to mandatory tender for purchase shall be purchased on the Purchase Date which shall be explicitly stated; (2) that the Purchase Price of any Bond so subject to mandatory tender for purchase shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program; and (3) that in the event that any Holder of a Bond so subject to mandatory tender for purchase shall not surrender such Bond to the Tender Agent for purchase on such Purchase Date, then such Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such Purchase Date and that the Holder thereof shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. The Bond Trustee shall send a copy of the

foregoing notice to the Authority, the Hospital, the Remarketing Agent, the Credit Facility Provider and the Liquidity Facility Provider.

(H) Upon receipt of the notice specified in (G) above, all Holders of Outstanding Eligible Bonds shall be required to tender their Bonds to the Tender Agent for purchase on such Purchase Date. Any Eligible Bond so delivered shall be purchased by the Tender Agent at a Purchase Price equal to the principal amount thereof plus accrued interest to the Purchase Date (unless such Purchase Date is an Interest Payment Date, in which case the Purchase Price will be the principal amount of such Bond).

Section 4.13 Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds.

(A) The giving of notice by a Holder of a Bond as provided in Section 4.06 shall constitute the irrevocable tender for purchase of each such Bond with respect to which such notice shall have been given, regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant Purchase Date as provided in Article IV.

(B) The Tender Agent may refuse to accept delivery of any such Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Bond as herein described. For purposes of this Article IV, the Tender Agent for the Bonds shall determine timely and proper delivery of such Bonds and the proper endorsement of such Bonds. Such determination shall be binding on the Holders of such Bonds, the Hospital and the Remarketing Agent, absent manifest error. If any Holder of a Bond who shall have given notice of tender of purchase pursuant to Section 4.06 or any Holder of a Bond subject to mandatory tender for purchase pursuant to Section 4.07, Section 4.08 or Section 4.09 shall fail to deliver such Bond to the Tender Agent at the place and on the date and at the time specified, or shall fail to deliver such Bond properly endorsed, such Bond shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bond are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under this Bond Indenture, (2) interest shall no longer accrue thereon, and (3) funds in the amount of the Purchase Price of the Undelivered Bond shall be held by the Tender Agent for such Bond for the benefit of the Holder thereof, to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Designated Office. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested.

Section 4.14 Remarketing of Bonds; Notice of Interest Rates.

(A) Upon a mandatory tender or notice of the tender for purchase of Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds, any such sale to be made on the Purchase Date in accordance with this Article IV at a price equal to the principal amount thereof plus accrued interest thereon (if any) to the Purchase Date.

(B) The Remarketing Agent shall offer for sale and use its best efforts to sell Bank Bonds at a price equal to the principal amount thereof plus accrued interest to the date of purchase (based on the rate per annum determined as provided in Article II hereof which would

have been applicable to such Bonds if they were not Bank Bonds). Bank Bonds shall not be delivered upon remarketing unless the Tender Agent shall have received a written confirmation from the Liquidity Facility Provider to the effect that the Liquidity Facility is reinstated in accordance with its terms to the full amount of the then Required Stated Amount; provided, however, that, if the Hospital shall have canceled or terminated a Liquidity Facility as provided in Section 4.20 of this Bond Indenture, such written confirmation shall not be required.

(C) The Remarketing Agent shall determine the rate of interest to be borne by the Bonds for each Interest Rate Mode (other than Bank Bonds and Bonds bearing interest at a Bank Loan Rate), as provided in Article II hereof, and shall furnish to the Tender Agent and to the Hospital upon its request, on the date of determination, each rate of interest and, if applicable, while the Bonds bear interest at the Commercial Paper Rate, the length of the Commercial Paper Rate Period for each such Bond, such information to be provided by Electronic Means, promptly confirmed in writing if requested by the Bond Trustee or the Hospital.

Section 4.15 Remarketing Agents. Each Remarketing Agent appointed by the Hospital hereunder shall be authorized by law to perform all the duties imposed upon it hereby and hereby signify its acceptance of the duties and obligations imposed upon it hereunder by execution and delivery of a written instrument of acceptance delivered to the Authority, the Bond Trustee, the Tender Agent, the Liquidity Facility Provider (if any) and the Hospital under which the Remarketing Agent will agree to:

(A) determine the interest rates in accordance with Article II hereof and to give notice of such rates to the Bond Trustee, the Tender Agent, the Liquidity Facility Provider (if any), the Credit Facility Provider (if any) and the Hospital;

(B) keep such books and records as shall be consistent with prudent industry practice; and

(C) use its best efforts to remarket the Bonds in accordance with this Bond Indenture and the terms hereof.

Each Remarketing Agent shall hold all amounts received by it in accordance with any remarketing of Bonds pursuant to Section 4.14 in trust only for the benefit of the Holders of such Tendered Bonds and shall not commingle such amounts with any other moneys.

Section 4.16 Qualifications of Remarketing Agents; Resignation; Removal.

(A) Each Remarketing Agent shall be a member of the Financial Industry Regulatory Authority and authorized by law to perform all the duties imposed upon it by this Bond Indenture.

(B) A Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving notice to the Tender Agent, the Hospital, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any). Such resignation shall take effect on the 60th day after the receipt by the Hospital of the notice of resignation. A Remarketing Agent may be removed at the direction of the Hospital, at any time upon 15 days prior written notice, by an instrument signed by the Hospital, filed with such Remarketing Agent,

the Credit Facility Provider (if any), the Liquidity Facility Provider (if any) and the Tender Agent.

Section 4.17 Successor Remarketing Agents.

(A) Any corporation, association, partnership or firm which succeeds to the business of a Remarketing Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of such Remarketing Agent hereunder.

(B) In the event that a Remarketing Agent has given notice of resignation or has been notified of its impending removal in accordance with Section 4.16(B), the Hospital shall appoint a successor Remarketing Agent.

(C) In the event that a Remarketing Agent shall resign, be removed or be dissolved, or if the property or affairs of a Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Hospital shall not have appointed its successor, the Tender Agent shall apply to a court of competent jurisdiction for such appointment.

Section 4.18 The Tender Agent.

(A) U.S. Bank National Association is hereby appointed to serve as initial Tender Agent for the Bonds. The initial Tender Agent and each successor Tender Agent appointed by the Hospital hereunder shall designate its Designated Office and signify its acceptance of the duties and obligations imposed upon it by this Bond Indenture, including, without limitation, the duties and obligations described in this Section 4.18, by a written instrument of acceptance delivered to the Authority, the Bond Trustee, the Hospital, each Remarketing Agent and each Liquidity Facility Provider (if any), under which each Tender Agent will agree, particularly:

(1) to hold and maintain each Liquidity Facility delivered to the Tender Agent for the benefit of the Holders and to make drawings under each Liquidity Facility pursuant to its terms and by the time specified in Section 4.11(D) hereof until such Liquidity Facility terminates in accordance with its terms and the terms of this Bond Indenture;

(2) to hold all Bonds delivered to it for purchase hereunder in trust for the exclusive benefit of the respective Holders that shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Holders;

(3) to hold all moneys delivered to it hereunder for the purchase of Bonds in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds; and

(4) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the

Authority, the Bond Trustee, each Remarketing Agent, the Hospital and each Liquidity Facility Provider (if any).

(B) Duties and Liability of Tender Agent. The Tender Agent shall perform such duties and only such duties as are specifically set forth in this Bond Indenture. The Tender Agent shall not be liable in connection with the performance of its duties hereunder except, for its own negligence or willful misconduct.

(C) Right of Tender Agent to Rely on Documents and Opinions of Counsel. The provisions set forth in Section 8.04 of this Bond Indenture shall also apply to the Tender Agent.

(D) Compensation and Indemnification of Tender Agent. The Authority shall pay to the Tender Agent (solely from Additional Payments) from time to time reasonable compensation for all services rendered under this Bond Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Bond Indenture.

The Authority further covenants and agrees to indemnify and save the Tender Agent and its officers, directors, employees, and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in connection with (1) the exercise and performance of its powers and duties hereunder, (2) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds, the Loan Agreement, the Liquidity Facility or related documents, or (3) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Bonds, including the costs and expenses of defending against any claim of liability, but excluding liabilities that are due to the Tender Agent's negligence or willful misconduct, provided that the Authority's obligation under this Section shall be limited to Additional Payments received from the Hospital. The obligations of the Authority under this Section shall survive resignation or removal of the Tender Agent under this Bond Indenture and payment of the Bonds and discharge of this Bond Indenture.

Notwithstanding any other provision of this Bond Indenture to the contrary, no provision of this Indenture shall require the Tender Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it has not received the agreed compensation for such services or, in cases where the Tender Agent has a right to reimbursement or indemnification for such performance or exercise, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; provided, however, that the Tender Agent shall in no event condition any draw upon the Liquidity Facility, any payment to Holders or any other action required to effect an optional or mandatory tender to the receipt of such compensation, reimbursement or indemnification.

Section 4.19 Qualifications of Tender Agent; Resignation; Removal. Any successor Tender Agent shall be a commercial bank or trust company duly organized under the laws of the

United States of America or any state or territory thereof and authorized by law to perform all the duties imposed upon it by this Bond Indenture. Subject to the next succeeding paragraph, any Tender Agent may resign at any time and be discharged of the duties and obligations created by this Bond Indenture by giving at least 60 days' notice to the Hospital, the Authority, the Bond Trustee, each Remarketing Agent and each Liquidity Facility Provider (if any). Subject to the next succeeding paragraph, any Tender Agent may be removed, at any time, by an instrument signed by the Hospital and filed with the Authority, the Bond Trustee, each Remarketing Agent and each Liquidity Facility Provider (if any).

Upon the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any moneys, Bonds and/or Liquidity Facility held by it in such capacity to its successor. No such resignation or removal shall be effective until a successor Tender Agent has been appointed and accepted such duties.

Section 4.20 Successor Tender Agents.

(A) Any corporation, association, partnership or firm which succeeds to the business of the Tender Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of such Tender Agent hereunder.

(B) In the event that the Tender Agent has given notice of resignation or has been notified of its impending removal in accordance with Section 4.19, the Hospital shall appoint a successor Tender Agent.

(C) In the event that the Tender Agent shall resign, be removed or be dissolved, or if the property or affairs of the Tender Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Hospital shall not have appointed its successor, the Tender Agent shall apply to a court of competent jurisdiction for such appointment.

Section 4.21 Liquidity Facility Not Required; Cancellation or Termination of a Liquidity Facility by the Hospital.

(A) In the event the Hospital shall have, in its sole discretion, provided a Liquidity Facility pursuant to Section 2.18, subject to compliance with the provisions requiring mandatory tender set forth in Section 4.09 hereof, the Hospital may cancel or terminate such Liquidity Facility then in effect or allow the same to expire on its Expiration Date without the necessity of providing an Alternate Liquidity.

(B) Upon satisfaction of the requirements described in Section 4.21(A) above, (i) the Tender Agent, upon receipt of a Request of the Hospital, shall send appropriate notice to the Liquidity Facility Provider requesting or directing the cancellation of the Liquidity Facility then in effect on the date requested by the Hospital in such Request, which date may not be less than 30 days, or such longer period as is required by the Liquidity Facility for its termination at the request of the Hospital, from the date the Tender Agent receives such Request, and (ii) all Bonds subject to optional or mandatory tender may be remarketed by the Remarketing Agent pursuant to the Remarketing Agreement without the benefit of a Liquidity Facility.

Section 4.22 Termination of Liquidity Facility by Liquidity Facility Provider Prior to Expiration Date; Purchase by Liquidity Facility Provider.

(A) The obligation of a Liquidity Facility Provider to provide funds for the purchase of Tendered Bonds pursuant to a Liquidity Facility shall expire or be suspended automatically and without prior notice upon the occurrence of such events of termination and suspension as shall be set forth in such Liquidity Facility. The Liquidity Facility Provider shall notify the Tender Agent and the Bond Trustee of such termination or suspension as promptly as possible and shall specify the reasons therefor.

(B) If automatic termination or suspension of a Liquidity Facility occurs, the Bond Trustee shall promptly upon receiving written notice thereof from the Liquidity Facility Provider notify the Hospital, the Remarketing Agent and the Holders of all Outstanding Bonds that such Liquidity Facility has been terminated and that the Liquidity Facility Provider will be under no obligation to purchase Bonds or to advance funds under such Liquidity Facility. Such notice shall also specify the reasons for such termination. A copy of such notice shall be provided to the Authority.

Section 4.23 Alternate Liquidity Facility.

(A) The Hospital may at any time, at its option, provide for the delivery to the Tender Agent of an Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect. The Bonds shall be subject to mandatory tender in accordance with the provisions set forth in Section 4.09. Notice of mandatory tender shall be provided to the Holders in accordance with the provisions set forth in Section 4.12. Such Alternate Liquidity Facility shall become effective on a Business Day and may become effective on any Business Day. The Hospital shall give written notice of its intention to exercise such option to the Tender Agent, the applicable Credit Facility Provider (if any), the Liquidity Facility Provider being replaced and the Bond Trustee not fewer than 35 days prior to the proposed effective date of such Alternate Liquidity Facility. On or prior to the date of the delivery of an Alternate Liquidity Facility to the Tender Agent, the Hospital shall furnish to the Tender Agent and the Bond Trustee: (i) a Favorable Opinion of Bond Counsel stating that the delivery of such Alternate Liquidity Facility to the Tender Agent is authorized under the Bond Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds; and (ii) an opinion of counsel acceptable to the Tender Agent and the Bond Trustee in substantially the same form as the opinion delivered by counsel to the Liquidity Facility Provider in connection with the delivery of the Liquidity Facility being replaced.

(B) On any Liquidity Facility Substitution Date on which an Alternate Liquidity Facility becomes effective in accordance with the provisions of this Section 4.23, the Tender Agent and the Bond Trustee shall take such action as is required under the Liquidity Facility then in effect, to cause the cancellation of such Liquidity Facility, provided that all draws made thereunder have been honored, including, without limitation, any draws required by to be made on the Liquidity Facility (if any) in accordance with the procedures specified in Section 4.09.

Section 4.24 Credit Facility Not Required; Cancellation or Termination of a Credit Facility by the Hospital.

(A) In the event the Hospital shall have, in its sole discretion, provided a Credit Facility for the Bonds pursuant to Section 2.19, subject to compliance with the provisions requiring Mandatory Tender set forth in Section 4.09 hereof, the Hospital may cancel or terminate such Credit Facility then in effect or allow the same to expire on its Expiration Date without the necessity of providing an Alternate Credit Facility with respect to the Bonds, if, prior to the expiration or termination of a Credit Facility then in effect, there is delivered to the Authority, the Bond Trustee and the Tender Agent a Favorable Opinion of Bond Counsel stating that the cancellation or termination of the Alternate Credit Facility is authorized under the Bond Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds.

(B) Upon satisfaction of the requirements described in Section 4.24(A) above, (i) the Tender Agent, upon receipt of a Request of the Hospital, shall send appropriate notice to the Credit Facility Provider requesting or directing the cancellation of the Credit Facility then in effect on the date requested by the Hospital in such Request, which date may not be less than 30 days, or such longer period as is required by the Credit Facility for its termination at the request of the Hospital, from the date the Tender Agent receives such Request, and (ii) all Bonds subject to optional or mandatory tender may be remarketed by the Remarketing Agent pursuant to the Remarketing Agreement without the benefit of a Credit Facility.

Section 4.25 Alternate Credit Facility.

(A) The Hospital may at any time, at its option, provide for the delivery to the Tender Agent of an Alternate Credit Facility in substitution for the Credit Facility then in effect. The Bonds shall be subject to mandatory tender in accordance with the provisions set forth in Section 4.09. Notice of mandatory tender shall be provided to the Holders in accordance with the provisions set forth in Section 4.12. Such Alternate Credit Facility shall become effective on a Business Day and may become effective on any Business Day. The Hospital shall give written notice of its intention to exercise such option to the Tender Agent, the Liquidity Facility Provider (if any), the Credit Facility Provider being replaced and the Bond Trustee not fewer than 35 days prior to the proposed effective date of such Alternate Credit Facility. On or prior to the date of the delivery of an Alternate Credit Facility to the Tender Agent, the Hospital shall furnish to the Tender Agent and the Bond Trustee: (i) a Favorable Opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility to the Tender Agent is authorized under the Bond Indenture and complies with the terms hereof and will not, in and of itself, adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Bonds; and (ii) an opinion of counsel acceptable to the Tender Agent and the Bond Trustee in substantially the same form as the opinion delivered by counsel to the Credit Facility Provider in connection with the delivery of the Credit Facility being replaced.

Section 4.26 Inadequate Funds for Tenders.

If sufficient funds are not available, pursuant to Section 4.11(D) hereof, for the purchase of all Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, the failure to pay the Purchase Price of all tendered Bonds when due and payable shall constitute an Event of Default pursuant to Section 7.01(C), and all tendered Bonds shall be returned by the Tender Agent to their respective Holders and such Bonds shall bear interest at the Maximum

Interest Rate from the date of such failed purchase until all such Bonds are purchased as required in accordance with this Bond Indenture. Any moneys deposited with the Remarketing Agent or transferred to the Tender Agent with respect to such failed remarketing shall be returned to the party depositing those moneys. Thereafter, the Bond Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Facility Provider (if any), the Credit Facility Provider (if any) or the Hospital to effect a subsequent successful remarketing of any tendered Bonds.

Section 4.27 Election Not to Sell Bank Bonds.

The Liquidity Facility Provider or the Credit Facility Provider (or any subsequent owner of a Bank Bond) shall have the right, by written notice or by telephonic notice, promptly confirmed in writing to the Remarketing Agent, the Bond Trustee and the Tender Agent, to elect not to sell the Bank Bonds or any portion thereof to a purchaser identified by the Remarketing Agent. From and after any such election not to sell the Bank Bonds, such Bonds shall cease to be Bank Bonds and shall bear interest as provided herein for Bonds other than Bank Bonds.

Section 4.28 Book-Entry Tenders. Notwithstanding any other provision of this Bond Indenture to the contrary, all tenders for purchase during any period in which Bonds being tendered are registered in the name of any Securities Depository or its nominee shall be subject to the terms and conditions set forth in the representation letter delivered to such Securities Depository and to any regulations promulgated by the Securities Depository.

**ARTICLE V
REVENUES**

Section 5.01 Revenue Fund.

(A) Subject only to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Bond Indenture (other than the Bond Purchase Fund and the Rebate Fund) are hereby pledged to secure the payment of the principal of, premium (if any) and interest on the Bonds in accordance with their terms and the provisions of this Bond Indenture and the performance of the other obligations of the Issuer hereunder. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Bond Trustee of the Bonds, without any physical delivery thereof or further act.

(B) The Issuer hereby transfers in trust, grants a security interest in and assigns to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other assets pledged in subsection (A) of this Section and all of the right, title and interest of the Issuer in the Loan Agreement (except for (i) the right to receive any Administrative Fees and Expenses to the extent payable to the Issuer, (ii) any rights of the Issuer to indemnification, and (iii) the obligation of the Hospital to make deposits pursuant to the Tax Agreement) and the Series 2011 Master Note. The Bond Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Issuer shall be deemed to be

held, and to have been collected or received, by the Issuer as the agent of the Bond Trustee and shall forthwith be paid by the Issuer to the Bond Trustee. The Bond Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Issuer and all of the obligations of the Hospital under the Loan Agreement and of the Hospital and the other Members of the Obligated Group under Series 20010B Master Note.

(C) All Revenues shall be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Revenue Fund-Flagler Hospital Series 2011" (hereinafter the "Revenue Fund") which the Bond Trustee is hereby directed to establish, maintain and hold in trust, except that all moneys received by the Bond Trustee and required by the Loan Agreement or the to be deposited in the Bond Purchase Fund or the Redemption Fund, shall be promptly deposited in the Bond Purchase Fund and Redemption Fund, respectively. All Revenues deposited with the Bond Trustee shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in this Bond Indenture.

(D) Notwithstanding anything to the contrary contained herein, while the Bonds bear interest at a Bank Loan Rate, all payments of principal of (including Sinking Fund Installments) and interest on the Bonds shall be paid directly to the Bank Loan Rate Holder, as provided in Section 6.01 herein.

Section 5.02 Allocation of Revenues. On or before the dates specified below, the Bond Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Bond Trustee is hereby directed to establish and maintain within the Revenue Fund) the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account established pursuant to Section 5.03 hereof on or before each Interest Payment Date, the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said amount of interest; and

Second: to the Principal Account established pursuant to Section 5.04 hereof, on or before each December 15, commencing December 15, 2011, the amount of the Sinking Fund Installment becoming due and payable on such December 15, until the balance in said account is equal to said amount of such Sinking Fund Installment.

Any moneys remaining in the Revenue Fund after the foregoing transfers and following payment of amounts due the Holders in connection with such transfers shall be transferred to the Hospital.

Section 5.03 Interest Account. The Authority shall establish with the Bond Trustee and maintain so long as any of the Bonds are outstanding a separate account to be known as the "Interest Account—Flagler Hospital Series 2011" (hereinafter called the "Interest Account"). All amounts in the Interest Account shall be used and withdrawn by the Bond Trustee solely for

the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Bond Indenture) or to reimburse the Credit Facility Provider for drawings made under the Credit Facility for such purpose. In accordance with Section 5.08(B), unless a Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or there is no Credit Facility in effect with respect to the Bonds, interest on the Bonds shall be paid solely with Available Moneys. Interest on the Bonds, whether at maturity, by proceedings for redemption, by acceleration or otherwise, shall be payable first from the Credit Facility Provider from drawings made under the Credit Facility for such purpose and second from the Hospital from the Loan Repayments.

Section 5.04 Principal Account.

(A) The Authority shall establish with the Bond Trustee and maintain so long as any of the Bonds are outstanding a separate account to be known as the "Principal Account – Flagler Hospital Series 2011" (hereinafter called the "Principal Account"). All amounts in the Principal Account shall be used and withdrawn by the Bond Trustee solely to pay Sinking Fund Installments, to pay principal of the Bonds at maturity or to pay principal of the Bonds upon purchase or redemption as provided herein or to reimburse the Credit Facility Provider for drawings made under the Credit Facility for such purpose. In accordance with Section 5.08(B), unless a Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or no Credit Facility is in effect with respect to the Bonds, principal and Redemption Price of the Bonds shall be paid solely with Available Moneys. Principal and Sinking Fund Installments on the Bonds, whether at maturity, by proceedings for redemption, by acceleration or otherwise, shall be payable first from the Credit Facility Provider from drawings made under the Credit Facility for such purpose and second from the Hospital from the Loan Repayments.

(B) On each Sinking Fund Installment date established pursuant to Section 5.04(C), the Bond Trustee shall apply the Sinking Fund Installment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds, upon the notice and in the manner provided in Article IV; provided that, at any time prior to giving such notice of such redemption, the Bond Trustee may apply moneys in the Principal Account to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as directed in writing by the Hospital, except that the purchase price (excluding accrued interest) shall not exceed the par amount of the Bonds so purchased. If, during the twelve-month period immediately preceding a Sinking Fund Installment payment date, the Bond Trustee has purchased Bonds with moneys in the Principal Account, or, during said period and prior to giving said notice of redemption, the Hospital has deposited Bonds with the Bond Trustee (together with a Request of the Hospital, to apply such Bonds to the Sinking Fund Installment due on said date), or Bonds were at any time purchased or redeemed by the Bond Trustee from the Redemption Fund and allocated to said Sinking Fund Installment, such Bonds shall be applied, to the extent of the full principal amount thereof, to reduce said Sinking Fund Installment. All Bonds purchased or deposited pursuant to this subsection (if any) shall be cancelled by the Bond Trustee. Bonds purchased from the Principal Account, purchased or redeemed from the Redemption Fund, or deposited by the Hospital with the Bond Trustee shall

be allocated first to the next succeeding Sinking Fund Installment for such Bonds, then as a credit against such future Sinking Fund Installments as the Hospital may specify in writing.

(C) Subject to the terms and conditions set forth in this Section and in Section 4.01(C), during the Initial Bank Loan Fixed Rate Period, the Bonds shall be redeemed (or paid at maturity on the Maturity Date at the expiration of the Initial Bank Loan Fixed Rate Period, as the case may be) by application of Sinking Fund Installments in the following amounts and on the following dates:

<u>Sinking Fund Installment Date (December 15)</u>	<u>Sinking Fund Installments</u>
2011	\$2,100,000
2012	2,200,000
2013	2,400,000
2014	2,500,000
2015	2,700,000
2016*	600,000

* Maturity Date

During any other Bank Rate Period, Weekly Rate Period, Daily Rate Period or Term Rate Period or Commercial Paper Rate Period, the Bonds shall be subject to mandatory redemption from Sinking Fund Installments in whole or in part in accordance with the Sinking Fund Installment schedule set forth above; provided the Hospital may deliver to the Bond Trustee a new Sinking Fund Installment schedule together with a Favorable Opinion on or prior to a Conversion Date (with the consent of (i) the Credit Facility Provider, if any Credit Facility will be in effect upon Conversion, (ii) the Bank Loan LIBOR Rate Holder for Bonds converting to a Bank Loan LIBOR Rate Period or (iii) the Bank Loan Fixed Rate Holder for Bonds converting to a subsequent Bank Loan Fixed Rate Period).

Section 5.05 Application of Redemption Fund. The Bond Trustee shall establish, maintain and hold in trust a fund separate from any other fund established and maintained hereunder designated as the "Redemption Fund" and within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. All amounts deposited in the Optional Redemption Account and the Special Redemption Account shall be used and withdrawn by the Bond Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV, on the next succeeding date of redemption for which notice has not previously been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Bond Trustee shall, upon direction of the Hospital, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Hospital may direct, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to such Bonds; and provided further that, in the case of the

Optional Redemption Account, in lieu of redemption on such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund to the extent not needed to redeem Bonds for which notice of redemption has previously been given by the Bond Trustee and credited against Loan Repayments in order of their due date as set forth in a Request of the Hospital.

Section 5.06 Rebate Fund.

(A) The Bond Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Bond Trustee shall maintain such accounts as are specified by the Tax Agreement. Subject to the transfer provisions provided in paragraph (E) below, all money at any time deposited in the Rebate Fund shall be held by the Bond Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Agreement), for payment to the federal government of the United States of America, and neither the Authority, the Credit Facility Provider (if any), the Hospital nor any Liquidity Facility Provider nor the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 6.06 and by the Tax Agreement (which is incorporated herein by reference). The Bond Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Hospital including supplying all necessary information in the manner provided in the Tax Agreement to the extent such information is reasonably available to the Bond Trustee, and shall have no liability or responsibility to monitor or enforce compliance by the Hospital or the Authority with the terms of the Tax Agreement.

(B) Upon the Hospital's written direction, an amount shall be deposited to the Rebate Fund by the Bond Trustee from deposits by the Hospital if and to the extent required, so that the balance of the Rebate Fund after such deposit shall equal the Rebate Amount. Computations of the Rebate Amount shall be furnished by or on behalf of the Hospital in accordance with the Tax Agreement.

(C) The Bond Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Hospital.

(D) The Bond Trustee shall invest all amounts held in the Rebate Fund in Investment Securities as directed by the Hospital in one or more Requests of the Hospital, subject to the restrictions set forth in the Tax Agreement. The Bond Trustee shall not be liable for any consequence arising from such investment. Money shall not be transferred from the Rebate Fund except as provided in paragraph (E) below.

(E) Upon receipt of the Hospital's written directions, the Bond Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Hospital so directs, the Bond Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Hospital's written direction. Any amounts remaining in the Rebate Fund after redemption and payment of all of the Bonds

and payment and satisfaction of any Rebate Amount, or provision having been made therefor satisfactory to the Bond Trustee, shall be withdrawn and remitted to the Hospital.

(F) Notwithstanding any other provision of this Bond Indenture, including in particular Article X hereof, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section, Section 6.06 and the Tax Agreement shall survive the defeasance or payment in full of the Bonds.

Section 5.07 Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Bond Indenture permitted to be invested by the terms of this Bond Indenture shall be invested by the Bond Trustee, upon direction of the Hospital, solely in Investment Securities. In the absence of timely and specific written direction from the Hospital, the Bond Trustee shall not invest any cash held in such funds or accounts permitted to be invested pursuant to the terms of this Bond Indenture. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.06, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Hospital. No Request of the Hospital shall impose any duty on the Bond Trustee inconsistent with its fiduciary responsibilities.

Moneys in all funds and accounts shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Bond Indenture. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Bond Trustee may deliver such Investment Securities for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited when received in such fund. All interest, profits and other income received from the investment of moneys in any other fund or account established under this Bond Indenture and held by the Bond Trustee shall be deposited when received in the fund or account which gave rise to the investment earnings. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest (if any) paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Bond Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued by the Bond Trustee at least once each year on or before July 1 at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or par value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price).

The Bond Trustee may commingle any of the funds or accounts established pursuant to this Bond Indenture (other than the Bond Purchase Fund and the Rebate Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Bond

Trustee hereunder shall be accounted for separately as required by this Bond Indenture. The Bond Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Bond Indenture. The Bond Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. In no event shall the Bond Trustee be liable or responsible for the selection of investments or for any loss incurred thereon resulting from any investment made in accordance with provisions of this Section 5.07. The Bond Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Hospital to provide timely written investment direction. The Bond Trustee may conclusively rely upon such written direction from the Hospital as to both the suitability and legality of the directed investments.

The Authority (and the Hospital by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and or the Hospital the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Hospital specifically waive receipt of such confirmations to the extent permitted by law and hereby notify the Bond Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Bond Trustee will furnish the Authority and the Hospital periodic cash transaction statements which include detail for all investment transactions made by the Bond Trustee hereunder.

The Authority (and the Hospital by execution of the Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Authority or the Hospital the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Hospital specifically waive receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Authority and the Hospital periodic cash transaction statements which include detail for all investment transaction made by the Bond Trustee hereunder.

Section 5.08 Credit Facility; Credit Facility Fund.

(A) The Bond Trustee shall hold and maintain each Credit Facility (if any) for the benefit of the Holders until such Credit Facility expires in accordance with its terms. Subject to the provisions of this Bond Indenture, the Bond Trustee shall enforce all terms, covenants and conditions of each Credit Facility, including payment when due of any draws on such Credit Facility, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, such Credit Facility, and will not consent to, agree to or permit any amendment or modification of such Credit Facility which would materially adversely affect the rights or security of the Holders.

(B) If at any time during the term of a Credit Facility any successor Bond Trustee shall be appointed and qualified under this Bond Indenture, the resigning or removed Bond Trustee shall request that the Credit Facility Provider transfer such Credit Facility to the successor Bond Trustee. If the resigning or removed Bond Trustee fails to make this request, the successor Bond Trustee shall do so before accepting appointment.

(C) When a Credit Facility expires in accordance with its terms or is replaced by an Alternate Credit Facility, the Bond Trustee shall immediately surrender such Credit Facility to the Credit Facility Provider. All provisions herein relating to the rights of the Credit Facility Provider shall be of no force and effect if there is no Credit Facility or Alternate Credit Facility in effect and, if the Credit Facility Provider and the Liquidity Facility Provider are the same entity, there are no Bank Bonds and all amounts owing to the Credit Facility Provider and, if the Credit Facility Provider and the Liquidity Facility Provider are the same entity, the Liquidity Facility Provider hereunder and under the Credit Facility Provider Agreement then in effect have been paid and the Credit Facility Provider Agreement has been cancelled by the Credit Facility Provider.

(D) Notwithstanding any other provision of this Bond Indenture, unless a Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or no Credit Facility is in effect with respect to the Bonds, the principal and Redemption Price of and interest on the Bonds shall be paid solely with Available Moneys. While a Credit Facility is in effect with respect to any Bonds, the Bond Trustee shall, on the Business Day preceding each Interest Payment Date and Sinking Fund Installment Date (or other date upon which principal of such Bonds is due), draw on the Credit Facility in accordance with the terms thereof so as to receive thereunder by 3:00 p.m., New York City time, on said Interest Payment Date and Sinking Fund Installment Date (or other date upon which principal of such bonds is due), an amount, in immediately available funds, equal to the amount of interest and principal payable on such Bonds on such Interest Payment Date and Sinking Fund Installment Date (or other date upon which principal of such Bonds is due).

(E) If for any reason the Credit Facility Provider fails to pay a properly presented and conforming draw or request for advance under the related Credit Facility or repudiates its obligations under the Credit Facility, the Bond Trustee shall immediately (and in no event later than thirty (30) minutes following such failure or repudiation) notify the Hospital and make a demand for payment in an amount equal to such attempted drawing.

(F) The Bond Trustee shall establish, maintain and hold in trust in the Bond Trustee's name for the benefit of Holders a special fund designated as the "Credit Facility Fund." The Bond Trustee shall deposit in the Credit Facility Fund all moneys derived from a drawing under a Credit Facility for the purpose of paying the principal of and interest on Bonds subject to such Credit Facility when due. Moneys held in the Credit Facility Fund shall be held uninvested and shall not be commingled with any other moneys. Moneys in the Credit Facility Fund shall be withdrawn by the Bond Trustee from the Credit Facility Fund and applied to the payment of the principal of and interest on Bonds subject to such Credit Facility on each Sinking Fund Installment Date for Bonds (or other date upon which principal of such Bonds is due) and Interest Payment Date for Bonds, provided that such moneys shall not be used to pay the principal of or interest on Bonds which are not Eligible Bonds.

(G) The proceeds of such draws shall be deposited in the Credit Facility Fund pursuant to Section 5.08(C) hereof and shall be applied to pay principal of and interest on the Bonds prior to the application of any other funds held by the Bond Trustee therefor. Amounts held in the Credit Facility Fund shall be held uninvested and separate and apart from all other funds and accounts. Notwithstanding the foregoing, if the Credit Facility Provider and the

Liquidity Facility Provider are the same entity, the Bond Trustee shall not draw on the Credit Facility with respect to any payments due or made in connection with Bank Bonds. In no event shall the Bond Trustee draw on the Credit Facility with respect to any payments made in connection with Bonds that are not Eligible Bonds.

ARTICLE VI PARTICULAR COVENANTS

Section 6.01 Punctual Payment.

(A) The Authority shall punctually cause to be paid the principal or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and this Bond Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment, as provided in this Bond Indenture.

(B) For so long as the Bonds bear interest at a Bank Loan Rate, the Authority acknowledges that all amounts payable to the Bank Loan Rate Holder with respect to any Bonds held by the Bank Loan Rate Holder shall be made directly to the Bank Loan Rate Holder (without any presentment thereof, except upon payment of the final installment of principal, and without any notation of such payment being made thereon) in such manner or at such address in the United States as may be designated by the Bank Loan Rate Holder in writing to the Hospital and the Bond Trustee. Any payment made in accordance with the provisions of this Section 6.01(B) shall be accompanied by sufficient information to identify the source and proper application of such payment. The Bank Loan Rate Holder shall notify the Bond Trustee in writing of any failure of the Company to make any payment of principal or interest on the Bonds when due, and the Bond Trustee shall not be deemed to have any notice of such failure unless it has received such notice in writing; receipt of notice of non-payment received under this Section 6.01(B) shall not, in and of itself, require any action on the part of the Bond Trustee. If any Bonds are sold or transferred the Bank Loan Rate Holder shall notify the Authority, the Bond Trustee and the Hospital in writing of the name and address of the transferee, and it will, prior to delivery of such Bonds, make a notation on such Bonds of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof. So long as this Section 6.01(B) is in effect as to any Bond, the Bond Trustee shall have no obligations as paying agent in respect to such Bond, nor shall it be obligated to collect loan payments, pursuant to the Agreement or to take any other action in respect thereof, except at the express written direction of the Holders of all outstanding Bonds.

(C) The Authority hereby assigns to the Hospital the responsibility to pay principal of, premium, if any, and interest on the Bonds, on behalf of the Authority, under the circumstances described in Section 6.01(B) hereof. To the extent the Bank Loan Rate Holder receives funds directly from the Hospital representing payments on the Bonds pursuant to said Section 6.01(B), such amounts shall be the payments on the Bonds otherwise due under this Bond Indenture; provided, however, that any failure of the Hospital to make such payments on the Bonds directly to the Bank Loan Rate Holder shall not relieve or excuse the performance by the Bond Trustee of its obligations hereunder with respect to, among other things, the provisions of Article VII hereof relating to Events of Default and the pursuit of remedies in connection therewith.

(D) So long as a Bank Loan LIBOR Rate Holder is the registered owner of all Outstanding Bonds, on the Bank Loan LIBOR Rate Determination Date, the Bank Loan LIBOR Rate Holder shall notify the Hospital by electronic mail ("e-mail") or facsimile transmission, if operative as between the parties, or by telephone, promptly satisfactory to the Hospital and the Bank Loan LIBOR Rate Holder, of the amount of principal and interest due on the Bonds under the provisions of this Indenture on the next succeeding Interest Payment Date and the method for payment to the Bank Loan LIBOR Rate Holder, and the Bond Trustee shall have no obligation to provide notice. Under the circumstances described in this Section 6.01(D), and not otherwise, the Authority hereby assigns the rights and obligations to calculate the interest due on the Bonds in accordance with this Indenture to the Bank Loan LIBOR Rate Holder and any calculation of the interest due on the Bonds by the Bank Loan LIBOR Rate Holder pursuant to this Section 6.01(D) shall be conclusive and binding, absent manifest error, on the Authority, the Bond Trustee and the Hospital. In the event the Bank Loan LIBOR Rate Holder has not received any payment of principal or interest due on the Bonds on an Interest Payment Date, the Bank Loan LIBOR Rate Holder shall give immediate notice to the Bond Trustee of the nonpayment thereof within seven (7) calendar days after such Interest Payment Date ("Notice of Non-Payment"). If the Bond Trustee has not received a Notice of Non-Payment from the Purchaser within seven (7) calendar days after a Payment Date, the Bond Trustee shall consider all payments of principal and interest due on the Bonds on such Interest Payment Date to have been made in accordance the terms of this Bond Indenture, and the Bond Trustee shall not be required to (i) confirm the amount of interest calculated and paid; *provided, however*, the Bond Trustee shall be required to keep records relating to the information provided to the Trustee by the Hospital in the notices described in the following sentence. If interest is being calculated by the Bank Loan LIBOR Rate Holder pursuant to this Section 6.01(D), the Hospital shall provide to the Bond Trustee on the fifteenth day of each January of each calendar year, commencing on the fifteenth day of January, 2012, written notice describing the principal and interest payments made on the Bonds for the twelve immediately preceding calendar months, which notice shall include the rates of interest on the Bonds, the dates of payment, the amounts of principal and interest paid on each Interest Payment Date and the method of each payment, including wire confirmations, if applicable. The Bank Loan LIBOR Rate Holder's failure to provide a notice pursuant to this Section 6.01(D) shall not relieve the Hospital of any liability they may otherwise have under the Loan Agreement.

Section 6.02 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement; and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Bond Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue obligations for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.03 Restriction Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and

other assets pledged or assigned under this Bond Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Bond Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

Section 6.04 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Bond Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Bond Indenture in the manner and to the extent provided in this Bond Indenture. The Bonds and the provisions of this Bond Indenture are and will be the legal, valid and binding limited obligations of the Authority in accordance with their terms, and the Authority and Bond Trustee shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bondholders under this Bond Indenture against all claims and demands of all Persons whomsoever.

Section 6.05 Accounting Records and Financial Statements.

(A) The Bond Trustee shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with trust accounting standards, in which complete and accurate entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Bonds, the Revenues, the Loan Agreement and all funds and accounts established pursuant to this Bond Indenture. Such books of record and account shall be available for inspection by the Authority, the Hospital, each Liquidity Facility Provider (if any) each Credit Facility Provider (if any) any Bondholder or such Bondholder's agent or representative duly authorized in writing, during the Bond Trustee's business hours on days on which the Bond Trustee is open for business and subject to the reasonable regulations of the Bond Trustee.

(B) The Bond Trustee shall file and furnish on or before the 15th day of each month to the Authority, the Hospital and each Bondholder who shall have filed his or her name and address with the Bond Trustee for such purpose a complete financial statement (which need not be audited) covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Bond Indenture for the preceding month.

Section 6.06 Tax Covenants. The Authority shall at all times do and perform all acts and things permitted by law and this Bond Indenture that are necessary or desirable in order to assure that interest paid on the Bonds will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being excluded from gross income for federal income taxes. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Agreement. This covenant shall survive payment in full or defeasance of the Bonds.

Section 6.07 Enforcement of Loan Agreement and Series 2011 Master Note. The Bond Trustee shall promptly collect all amounts due from the Hospital pursuant to the Loan

Agreement and from the Members of the Obligated Group pursuant to the Series 2011 Master Note, shall perform all duties imposed upon it pursuant to the Loan Agreement and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority and all of the obligations of the Hospital and the other Members of the Obligated Group relating thereto.

(B) The Bond Trustee, as assignee of the Series 2011 Master Note, acting upon (1) the direction of the Credit Facility Provider or (2) if the Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or there is no Credit Facility in effect, the direction of Holders of a majority in aggregate principal amount of the Bonds then Outstanding, shall be entitled to vote the Series 2011 Master Note or the indebtedness represented thereby in connection with any proposed amendment, modification, waiver or consent to or in respect of the Master Indenture; provided, that, (i) no such consent shall be given to an amendment which affects the rights of some but less than all the Outstanding Bonds without the consent of the Holders of a majority in aggregate principal amount of the Bonds affected and (b) no such consent shall be given to an amendment which extends the stated maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Sinking Fund Installment except as otherwise provided herein, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon redemption thereof, without additionally obtaining the consent of the Holder of each Bond so affected, without additionally obtaining the consent of the Holders of all of the Bonds then Outstanding.

Section 6.08 Amendment of Loan Agreement. The Loan Agreement may be amended, modified or terminated only pursuant to a written instrument signed by the Authority and the Hospital with the prior written consent of the Bond Trustee.

(B) The Bond Trustee shall consent to any amendment, modification or termination of the Loan Agreement (i) if in the opinion of the Bond Trustee, which opinion may be based on an Opinion of Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security hereby given for the payment of the Bonds or (ii) if the Bond Trustee first obtains the written consent of (1) the Credit Facility Provider or (2) if the Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or there is no Credit Facility in effect, the Holders of more than 50% in aggregate principal amount of the Bonds then Outstanding, to such amendment, modification or termination; provided, however, that no such amendment, modification or termination shall reduce the amount of Loan Repayments to be made to the Authority or the Bond Trustee by the Hospital pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

(C) The Authority, at the direction and sole cost of the Hospital, with the prior written consent of the Bond Trustee (given as provided in Section 6.08(B)(i)), but without the necessity of obtaining the consent of any of the Holders, may enter into amendments or modifications of the Loan Agreement, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the Hospital contained in the Loan Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority or the Hospital, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Loan Agreement, or in regard to such matters or questions arising under the Loan Agreement, as the Authority, at the direction of and in sole reliance upon the Hospital, may deem necessary or desirable and not inconsistent with the Loan Agreement or this Bond Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(iii) to evidence or give effect to, or to conform to the terms and provisions of, any Liquidity Facility;

(iv) to evidence or give effect to, or to conform to the terms and provisions of, any insurance policy, letter of credit or other credit enhancement for the Bonds;

(v) to maintain the exclusion from gross income of interest payable with respect to the Bonds;

(vi) to make any modification or amendment to the Loan Agreement which will be effective as to the Bonds upon the remarketing of the Bonds following mandatory tender thereof; or

(vii) to make any other modification not (i) affect the Unassigned Rights or other rights of the Authority under the Loan Agreement that are not pledged hereunder or (ii) materially adversely affect the interests of the Holders of the Bonds.

(D) The Tax Agreement may be amended or modified without the consent of or notice to the Holders upon compliance with the applicable provisions of the Tax Agreement.

Section 6.09 Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of any law now or at any time hereafter in force that may affect the covenants and agreements contained in this Bond Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.10 Further Assurances. The Authority shall make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Bond Indenture and for the better assuring and confirming unto the Holders of the Bonds, each Credit Facility Provider (if any) and each Liquidity Facility Provider (if any) of any of the rights and benefits provided in this Bond Indenture.

Section 6.11 Continuing Disclosure. If and to the extent the Obligated Group becomes subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12, the Obligated Group shall undertake all responsibility for compliance with such requirements and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to such compliance. Notwithstanding any other provision of this Bond Indenture, failure of the Hospital to comply with any continuing disclosure obligations shall not be considered an Event of Default; however, the Bond Trustee may (and, at the request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Hospital to comply with its obligations under Section 5.8 of the Loan Agreement or to cause the Bond Trustee to comply with its obligations under this Section 6.11.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 7.01 Events of Default. The following events shall be Events of Default:

(A) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise, or default in the redemption of any Bonds from Sinking Fund Installments in the amount and at the times provided therefor;

(B) default in the due and punctual payment of any installment of interest on any Bond by the Authority when and as such interest installment shall become due and payable;

(C) failure to pay the Purchase Price of any Bond tendered or subject to mandatory tender pursuant to Article IV;

(D) default in any material respect by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Bond Indenture or the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority, the Hospital, the Bank Loan Rate Holder (if any), the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any) by the Bond Trustee, or to the Authority, the Hospital, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any) and the Bond Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;

(E) a Loan Default Event;

(F) receipt by the Bond Trustee of notice from the Credit Facility Provider or the Liquidity Facility Provider that an event of default (as defined in the Credit Facility Provider Agreement or the Liquidity Facility Provider Agreement, respectively) has occurred under the Credit Facility Provider Agreement or the Liquidity Facility Provider Agreement, as applicable, and which notice directs the Bond Trustee to accelerate the Bonds;

(G) receipt by the Bond Trustee of notice from the Credit Facility Provider that the amount of an interest drawing under the Credit Facility will not be reinstated as provided in the Credit Facility and which notice directs the Bond Trustee to accelerate the Bonds; or

(H) upon mandatory tender of the Bonds upon the expiration of any Bank Loan Rate Period, the failure of the Hospital to purchase the Bonds from the Holder or cause the Bonds to be purchased from the Holder.

Upon actual knowledge of the existence of any Event of Default, the Bond Trustee shall notify the Hospital, the Authority and the Master Trustee in writing as soon as practicable.

Section 7.02 Acceleration of Maturities. Whenever any Event of Default referred to in Section 7.01 shall have happened and be continuing, the Bond Trustee may take the following remedial steps:

(A) In the case of an Event of Default described in Section 7.01(A), Section 7.01(B) or Section 7.01(C) of this Bond Indenture, the Bond Trustee may, and upon the written request of the Credit Facility Provider (if any) or the Holders of not less than 50% in aggregate principal amount of the Bonds at the time Outstanding, with the consent of the Credit Facility Provider (if any), or upon the occurrence of an Event of Default described in Section 7.01(F) or Section 7.01(G), the Bond Trustee shall, promptly upon such occurrence, notify the Master Trustee of such Event of Default, may make a demand for payment under the Series 2011 Master Note and may request the Master Trustee in writing to give notice pursuant to Section 4.2 of the Master Indenture to the Members declaring the principal of all Master Notes issued under the Master Indenture then outstanding to be due and immediately payable. Thereupon, the Bond Trustee shall declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Bond Indenture to the contrary notwithstanding;

(B) In the case of an Event of Default described in Section 7.01(D) of this Bond Indenture, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to enforce the performance, observance or compliance by the Authority with any covenant, condition or agreement by the Authority under this Bond Indenture; and

(C) In the case of an Event of Default described in Section 7.01(E) of this Bond Indenture, the Bond Trustee may take whatever action the Authority would be entitled to take, and shall take whatever action the Authority would be required to take, pursuant to the Loan Agreement in order to remedy the Loan Default Event.

Upon a declaration of acceleration pursuant to this Section 7.02, interest on Bonds (other than Bank Bonds) shall cease to accrue and the Bond Trustee shall immediately draw on the Credit Facility in accordance with its terms, as provided in Section 5.08, in an amount sufficient to pay principal and interest on Eligible Bonds and shall immediately apply the proceeds of such draw to the payment of such Bonds.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have

been obtained or entered, the Authority or the Hospital shall deposit with the Bond Trustee a sum sufficient to pay all the principal, Sinking Fund Installments or Redemption Price of and installments of interest on the Bonds, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Bond Trustee, and if the Bond Trustee has received notification from the Master Trustee that the declaration of acceleration of the Series 2011 Master Note has been annulled pursuant to the Master Indenture and any and all other defaults known to the Bond Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, then, and in every such case, with the written consent of the Credit Facility Provider (if any) or the Bank Loan Rate Holder (if any) and receipt by the Bond Trustee of written confirmation that the Credit Facility (if any) and Liquidity Facility (if any) have been reinstated to the Required Stated Amount, and in the case of an Event of Default pursuant to Section 7.01(E) and Section 7.01(G) the notice of default from the Credit Facility Provider or the Bank Loan Rate Holder, as applicable, shall have been rescinded, the Bond Trustee shall, on behalf of the Holders of all of the Bonds, rescind and annul such declaration of acceleration of the Bonds and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Nothing contained herein, however, shall (i) be construed to allow the Bond Trustee to permit its rights, on behalf of the Holders of Bonds, to lapse or otherwise be extinguished or (ii) require the Bond Trustee to exercise any remedies in connection with an Event of Default unless the Bond Trustee shall have actual knowledge or shall have received written notice of such Event of Default.

Section 7.03 Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Bond Trustee under any of the provisions of this Bond Indenture (subject to (a) the requirements of Section 5.05 relating to the use of moneys held in the Redemption Fund for the redemption of Bonds after notice of redemption has been given to Bondholders, (b) the requirements of Section 4.11 relating to the use of moneys in the Bond Purchase Fund, and (c) the requirements of Section 11.10 relating to the use of moneys held for particular Bonds, and except for moneys in the Rebate Fund and the Bond Purchase Fund) shall be applied by the Bond Trustee as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Bond Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Bond Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Bond Indenture; and

(2) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid or surrender thereof if fully paid) subject to the provisions of this Bond Indenture (including Section 6.02), as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

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

Second: To the payment to the Persons entitled thereto of the unpaid principal (including Sinking Fund Installments) or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Section 7.04 Bond Trustee to Represent Bondholders. The Bond Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Bond Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, this Bond Indenture, the Loan Agreement, the Supplement, the Series 2011 Master Note, the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Bond Trustee to represent the Bondholders, the Bond Trustee in its discretion may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Bond Trustee or in such Holders under this Bond Indenture, the Loan Agreement, the Supplement, the Series 2011

Master Note, the Act or any other law; and upon instituting such proceeding, the Bond Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other amounts and assets pledged under this Bond Indenture, pending such proceedings. If more than one such request is received by the Bond Trustee from the Holders, the Bond Trustee shall follow the written request executed by the Holders of the greater percentage of Bonds then Outstanding in excess of 25%. All rights of action under this Bond Indenture or the Bonds or otherwise may be prosecuted and enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Bond Trustee shall be brought in the name of the Bond Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Bond Indenture (including Section 6.02).

Section 7.05 Bondholders' Direction of Proceedings. Anything in this Bond Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Bond Trustee, and upon indemnifying the Bond Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Bond Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Bond Indenture, and that the Bond Trustee shall have the right to decline to follow any such direction which in the opinion of the Bond Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 7.06 Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Bond Indenture, the Loan Agreement, the Series 2011 Master Note, the Act or any other applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Bond Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Bond Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; provided, however, that if more than one such request is received by the Bond Trustee from the Holders, the Bond Trustee shall follow the written request executed by the Holders of the greater percentage of Bonds then Outstanding in excess of 25%; (3) such Holder or said Holders shall have tendered to the Bond Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Bond Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bond Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' action to affect, disturb or prejudice the security of this Bond Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Bond Indenture, the Loan Agreement, the Series 2011 Master Note, the Act or other applicable law, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained

in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Bond Indenture (including Section 6.02).

Section 7.07 Termination of Proceedings. In case any proceedings taken by the Bond Trustee, the Credit Facility Provider, a Liquidity Facility Provider or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, the Credit Facility Provider, a Liquidity Facility Provider or the Bondholders, then in every such case the Authority, the Bond Trustee, the Credit Facility Provider, such Liquidity Facility Provider and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Bond Trustee, the Credit Facility Provider, such Liquidity Facility Provider and the Bondholders shall continue as though no such proceedings had been taken.

Section 7.08 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bond Trustee, the Credit Facility Provider, a Liquidity Facility Provider or the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09 No Waiver of Default. No delay or omission of the Bond Trustee, the Credit Facility Provider, a Liquidity Facility Provider or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Bond Indenture to the Bond Trustee, each Credit Facility Provider, each Liquidity Facility Provider or the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII THE BOND TRUSTEE

Section 8.01 Duties, Immunities and Liabilities of Bond Trustee.

(A) The Bond Trustee shall not be responsible for any recital herein, or in the Bonds (except with respect to the certificate of the Bond Trustee endorsed on the Bonds), or for the investment of moneys as herein provided (except that no investment shall be made except in accordance with Section 5.07 hereof), or for the recording or rerecording, filing or re-filing of this Bond Indenture, or any supplement or amendment thereto, or the filing of financing statements, or for the validity of the execution by the Authority of this Bond Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof.

(B) The Bond Trustee shall not be accountable for the use or application by the Authority of any of the Bonds or by the Authority or the Hospital of the proceeds thereof or for the use or application by any recipient of any money paid over by the Bond Trustee in accordance with the provisions of this Bond Indenture or for the use and application of money

received by any Paying Agent (except when the Bond Trustee acts as Paying Agent). The Bond Trustee may become the owner of Bonds secured hereby with the same rights it would have if not Bond Trustee.

(C) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty and the Bond Trustee shall not be answerable for other than its negligence or willful default.

(D) Before taking any action under Article VII other than making payments of principal, interest and purchase price on the Bonds as they become due, causing an acceleration or a mandatory tender of the Bonds when required by this Bond Indenture, redeeming Bonds pursuant to Section 4.01 or obtaining payments pursuant to the Liquidity Facility, if any, or the Credit Facility, if any, the Bond Trustee may require that a satisfactory indemnity bond or other indemnification acceptable to the Bond Trustee be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(E) All moneys received by the Bond Trustee, the Bond Trustee's agent or any Paying Agent shall, until used or applied or invested as provided in this Bond Indenture or in the Tax Agreement, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Bond Indenture or the Tax Agreement. Neither the Bond Trustee, the Bond Trustee's agent nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except as provided under the Tax Agreement or as may be otherwise agreed upon.

(F) The Bond Trustee shall not be liable or responsible for acts or omissions of the Bond Trustee's agent.

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

(H) The Authority may, and upon written request of the Hospital shall, remove the Bond Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Bond Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Bond Trustee shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Bond Trustee or its property shall be appointed, or any public officer shall take control or charge of the Bond Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal

to the Bond Trustee, and thereupon shall appoint, with the written consent of the Hospital, a successor Bond Trustee by an instrument in writing.

(I) The Bond Trustee may at any time resign by giving written notice of such resignation to the Authority, each Credit Facility Provider (if any), each Liquidity Facility Provider (if any) and the Hospital and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Bond Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint, with the written consent of the Hospital, a successor Bond Trustee by an instrument in writing. The Bond Trustee shall not be relieved of its duties until such successor Bond Trustee has accepted appointment.

(J) Any removal or resignation of the Bond Trustee and appointment of a successor Bond Trustee shall only become effective upon acceptance of appointment by the successor Bond Trustee. If no successor Bond Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Bond Trustee, any Bondholder (on behalf of such Bondholder and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Bond Trustee. Any successor Bond Trustee appointed under this Bond Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Bond Trustee a written acceptance thereof, and thereupon such successor Bond Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Bond Trustee, with like effect as if originally named Bond Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Bond Trustee, such predecessor Bond Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Bond Trustee all the right, title and interest of such predecessor Bond Trustee in and to any property held by it under this Bond Indenture and shall pay over, transfer, assign and deliver to the successor Bond Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Bond Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Bond Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations, including without limitation any rights and obligations it may have under any Liquidity Facility. Upon acceptance of appointment by a successor Bond Trustee as provided in this subsection, the Authority shall mail a notice of the succession of such Bond Trustee to the trusts hereunder to any Rating Agency that is then rating the Bonds and to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Bond Trustee, the successor Bond Trustee shall cause such notice to be mailed at the expense of the Authority. Notwithstanding any other provision of this Bond Indenture to the contrary, no removal, resignation or termination of the Bond Trustee shall take effect until a successor shall be appointed.

(K) Any Bond Trustee appointed under the provisions of this Section in succession to the Bond Trustee shall be a trust company, national banking association or commercial bank having the powers of a trust company, subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Bond Trustee shall cease to be eligible in accordance with the provisions of this subsection (K), the Bond Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02 Merger or Consolidation. Any company into which the Bond Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Bond Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (E) of Section 8.01 shall be the successor to such Bond Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03 Liability of Bond Trustee.

(A) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Bond Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Bond Indenture or of the Bonds or the Loan Agreement, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein assigned to or imposed upon it, and except for any recital or representation specifically relating to the Bond Trustee or its powers. The Bond Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Bond Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Bond Trustee may become the owner of Bonds with the same rights it would have if it were not Bond Trustee and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

(B) The Bond Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed in connection with the issuance of the Bonds.

(C) The Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts.

(D) The Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee under this Bond Indenture.

(E) The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Bond Indenture at the request, order or direction of the Credit Facility Provider or any of the Bondholders pursuant to the provisions of this Bond Indenture unless the Bond Trustee shall have been offered reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby; provided, however, that the provisions of this section shall not apply to the obligation of the Bond Trustee to (1) pay the principal of and interest and premium (if any) on the Bonds when due and (2) cause the acceleration or mandatory redemption of the Bonds at the times required by the provisions of this Bond Indenture. The Bond Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium (if any) of the Bonds from its own funds; but rather the Bond Trustee's obligations shall be limited to the performance of its duties hereunder.

(F) Except with respect to Events of Default specified in Section 7.01(A) or Section 7.01(B) hereof, the Bond Trustee shall not be deemed to have knowledge of any Event of Default unless and until an officer at the Bond Trustee's corporate trust operation responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Bond Trustee shall have received written notice thereof at the Designated Office. The Bond Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default thereunder. The Bond Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(G) The Bond Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, but shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver selected by it.

(H) The Bond Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof.

(I) Whether or not therein expressly so provided, every provision of this Bond Indenture, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Article.

Section 8.04 Right of Bond Trustee to Rely on Documents and Opinions of Counsel. The Bond Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bond Trustee may

consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. The Bond Trustee shall not be responsible for any loss or damage resulting from any action or inaction based on its good faith reliance upon such opinion or advice.

Whenever in the administration of the trusts imposed upon it by this Bond Indenture the Bond Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, the Bond Trustee may request and such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Bond Trustee for any action taken or suffered in good faith under the provisions of this Bond Indenture in reliance upon such Certificate, but in its discretion the Bond Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 8.05 Preservation and Inspection of Documents. All documents received by the Bond Trustee under the provisions of this Bond Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Hospital, each Credit Facility Provider (if any) each Liquidity Facility Provider (if any) and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06 Separate or Co-Bond Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Bond Trustee shall have power to appoint, and, upon the request of the Holders of at least 25% in aggregate principal amount of Bonds Outstanding and with the consent of the Hospital, each Credit Facility Provider (if any) and each Liquidity Facility Provider (if any) shall appoint, one or more Persons approved by the Bond Trustee either to act as co-trustee or co-trustees, jointly with the Bond Trustee, 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 Bond 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 Bonds shall be authenticated and delivered solely by the Bond Trustee.

(B) All rights, powers, trusts, duties and obligations conferred or imposed upon the Bond Trustees shall be conferred or imposed upon and exercised or performed by the Bond Trustee, or by the Bond 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 Bond 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 Bond 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 Bond Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(E) The Bond 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.

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

(G) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Bond 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 Bond 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 Bond 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 Bond Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Bond Trustee its attorney-in-fact and agent, with full power and authority to do 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 Bond Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.07 Compensation and Indemnification. The Bond Trustee shall be entitled to payment and/or reimbursement from the Hospital for reasonable fees (including out-of-pocket fees and legal fees and expenses) and for its services rendered hereunder, including its services as Tender Agent, Paying Agent and Bond Registrar, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Bond Trustee in connection with such services. Any additional Paying Agent shall be entitled to payment and/or reimbursement from the Hospital for its reasonable fees and charges as additional Paying Agent for the Bonds. Upon an Event of Default, but only upon an Event of Default, the Bond Trustee and any additional Paying Agent shall have a right of payment prior to payment on account of interest or principal of or premium, if any, on any Bond for the foregoing advances, fees, costs, and expenses incurred; provided that the Bond Trustee and any such Paying Agent shall not have a

prior right to payment or claim therefor against (a) any moneys received under a Credit Facility or Liquidity Facility, (b) moneys held to pay the redemption price, including premium, of previously called Bonds, (c) moneys or obligations deposited with or paid to the Bond Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with Article X hereof, (d) funds held for the Purchase Price of Bonds which were not presented on the applicable tender date, or (e) the proceeds of remarketing of the Bonds and any other moneys held in the Bond Purchase Fund.

The Hospital shall indemnify and hold harmless the Bond Trustee against any liabilities which the Bond Trustee may incur in the exercise and performance of its powers and duties hereunder and under any other agreement referred to herein which are not due to the Bond Trustee's negligence or willful misconduct, and for any reasonable fees and expenses of the Bond Trustee to the extent funds are not available under this Indenture for the payment thereof. The rights of the Bond Trustee under this Section 8.07 shall survive the payment in full of the Bonds and the discharge of this Indenture.

When the Bond Trustee incurs expenses or renders services after an event of default specified in Section 7.01 occurs, the reasonable expenses and the compensation for services (including the reasonable fees and expenses of its agents and counsel) are intended to constitute expenses of administration under applicable bankruptcy law.

Section 8.08 Notices to Rating Agencies. The Bond Trustee shall give written notice to any Rating Agency then rating the Bonds if (i) a successor Bond Trustee, Co-Trustee, Remarketing Agent or Tender Agent is appointed hereunder, (ii) if this Bond Indenture or the Loan Agreement or a Liquidity Facility is amended or supplemented in any material manner, (iii) if the Bonds are paid and this Bond Indenture defeased pursuant to Section 10.01, (iv) if the Bonds are accelerated pursuant to Section 7.02, (v) if the Bonds are redeemed in whole or in part pursuant to Section 4.01, (vi) if the Bonds are subject to any mandatory tender, (vii) if any Credit Facility or Liquidity Facility is extended, replaced, terminated or expires, (viii) if there is any change in the party instructed to draw on a Liquidity or Credit Facility, or (ix) if the Bonds are converted to a different Interest Rate Mode, provided that the Bond Trustee shall incur no liability for failure to give any such notice.

Section 8.09 Force Majeure. The Bond Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of unavoidable delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the health care facilities of the Hospital, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Bond Trustee.

Section 8.10 Financial Statements. The Bond Trustee shall have no duty to review any financial statements (audited or otherwise) required to be delivered by the Hospital to the Bond Trustee under this Bond Indenture or the Loan Agreement, shall not be considered to have notice of the content of such financial statements or a default based on such content, and shall have no duty to verify the accuracy of such financial statements.

ARTICLE IX MODIFICATION OR AMENDMENT OF THE BOND INDENTURE

Section 9.01 Amendments Permitted.

(A) This Bond Indenture and the rights and obligations of the Authority, the Holders of the Bonds and the Bond Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the Bond Trustee may enter into when the written consent of (1) the Credit Facility Provider, if any, or (2) if the Credit Facility Provider has failed to pay a properly presented and conforming draw or request for advance under the related Credit Facility or there is no Credit Facility in effect, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and the Hospital shall have been filed with the Bond Trustee. No such modification or amendment shall (1) extend the stated maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Sinking Fund Installment except as otherwise provided herein, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon redemption thereof, without additionally obtaining the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Bond Indenture prior to or on a parity with the lien created by this Bond Indenture, or deprive the Holders of the Bonds of the lien created by this Bond Indenture on such Revenues and other assets (except as expressly provided in this Bond Indenture), without additionally obtaining the consent of the Holders of all of the Bonds then Outstanding, (3) modify any of the rights or obligations of the Bond Trustee without its prior written consent thereto or (4) modify any of the rights or obligations of a Liquidity Facility Provider without its prior written consent thereto; nor shall the Bond Trustee be required to consent to any such amendment that adversely affects its rights or obligations hereunder or under the Loan Agreement. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Bond Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Bond Trustee of any Supplemental Bond Indenture pursuant to this subsection (A), the Bond Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Bond Indenture to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee, a copy of which shall be provided to the Credit Facility Provider (if any), the Bank Loan LIBOR Rate Holder (if any) and to each Rating Agency then maintaining a rating on the Bonds. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Bond Indenture.

(B) This Bond Indenture and the rights and obligations of the Authority, the Bond Trustee and the Holders of the Bonds may also be modified or amended from time to time and at

any time by an indenture or indentures supplemental hereto, which the Authority and the Bond Trustee may enter into without the consent of any Holder, but with the written consent of each Credit Facility Provider (if any) and each Liquidity Facility Provider (if any), which consent shall not be unreasonably withheld, provided, however, that such written consent of the Credit Facility Provider shall be required only if the modification or amendment would affect the rights of the Credit Facility Provider and only if the Credit Facility is in full force and effect and if the Credit Facility Provider is not then failing to make a payment as required in connection therewith and provided further, that such written consent of a Liquidity Facility Provider shall be required only if the modification or amendment would affect the rights of the Liquidity Facility Provider and only if the Liquidity Facility provided by such Liquidity Facility Provider is in full force and effect and such Liquidity Facility Provider is not then failing to make a payment as required in connection therewith, and, if the Bond Trustee determines that the provisions of such Supplemental Bond Indenture shall not materially adversely affect the interests of the Holders of the Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in this Bond Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Bond Indenture, or in regard to matters or questions arising under this Bond Indenture, as the Authority or the Bond Trustee may deem necessary or desirable;

(3) to modify, amend or supplement this Bond Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(4) to evidence or give effect to, or to conform to the terms and provisions of, any additional credit enhancement or any Liquidity Facility;

(5) to evidence or give effect to, or to conform to the terms and provisions of, any Credit Facility;

(6) to facilitate and implement any book entry system (or any termination of a book entry system);

(7) to maintain the exclusion from gross income for purposes of federal income taxation of interest payable with respect to the Bonds; or

(8) to make any modification or amendment to this Bond Indenture which will be effective upon the remarketing of the Bonds following mandatory tender thereof;

The Bond Trustee shall give notice of any amendment or modification to this Bond Indenture made pursuant to this paragraph to each Credit Facility Provider (if any), the Bank Loan LIBOR Rate Holder (if any), each Liquidity Facility Provider (if any) and any Rating

Agency maintaining a rating on the Bonds provided the Bond Trustee shall incur no liability for failure to do so.

(C) The Bond Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Bond Indenture authorized by subsections (A) or (B) of this Section which materially adversely affects the Bond Trustee's own rights, duties or immunities under this Bond Indenture or otherwise.

Section 9.02 Effect of Supplemental Bond Indenture. Upon the execution of any Supplemental Bond Indenture pursuant to this Article, this Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Indenture of the Authority, the Bond Trustee, each Credit Facility Provider (if any), each Liquidity Facility Provider (if any) and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Bond Indenture shall be deemed to be part of the terms and conditions of this Bond Indenture for any and all purposes.

Section 9.03 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Bond Indenture pursuant to this Article may, and if the Bond Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Bond Trustee as to any modification or amendment provided for in such Supplemental Bond Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of such Holder's Bond for the purpose at the Designated Office of the Bond Trustee or at such additional offices as the Bond Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Bond Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Bond Indenture, shall be prepared by the Bond Trustee at the expense of the Hospital, executed by the Authority and authenticated by the Bond Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Designated Office of the Bond Trustee, without cost to any Bondholder, for Bonds so modified, upon surrender for cancellation of such Bonds in equal aggregate principal amounts of the same maturity.

Section 9.04 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by such Bondholder, provided that due notation thereof is made on such Bonds.

ARTICLE X DEFEASANCE

Section 10.01 Discharge of Indenture. The Bonds may be paid by the Authority in any of the following ways:

(A) by paying or causing to be paid the principal or Redemption Price of and interest on all Bonds Outstanding (with Available Moneys at any time at which there is a Credit Facility in effect), as and when the same become due and payable;

(B) by depositing with the Bond Trustee, in trust, at or before maturity, moneys or securities (which constitute Available Moneys at any time at which there is a Credit Facility in effect) in the necessary amount (as provided in Section 10.03) to pay when due or redeem all Bonds then Outstanding; or

(C) by delivering to the Bond Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, the Hospital shall have paid all Administrative Fees and Expenses payable to the Authority pursuant to the Loan Agreement and all amounts due under a Credit Facility Provider Agreement have been paid to the Credit Facility Provider (if any), then and in that case at the election of the Authority (evidenced by a Certificate of the Authority filed with the Bond Trustee signifying the intention of the Authority to discharge all such indebtedness and this Bond Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Bond Indenture and the pledge of Revenues and other assets made under this Bond Indenture and all covenants, agreements and other obligations of the Authority under this Bond Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 5.06 and Section 10.02. In such event, upon the Request of the Authority, the Bond Trustee shall cause an accounting for such period or periods as may be requested by the Authority, based upon a report of a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction, upon which report the Bond Trustee may rely, and shall execute and deliver to the Authority all such instruments as may be necessary to evidence such discharge and satisfaction, and the Bond Trustee shall pay over, transfer, assign or deliver to the Hospital (unless such moneys are proceeds of the Credit Facility and moneys are owed to the Credit Facility Provider by the Hospital, in which event to the Credit Facility Provider) all moneys or securities or other property held by it pursuant to this Bond Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; subject in all cases to the provisions of Section 5.06 with respect to moneys in the Rebate Fund.

If this Bond Indenture is to be discharged while the Bonds are subject to optional tender by the holders thereof prior to the redemption date for such Bonds, and the Bonds will not be redeemed on the date of discharge of this Bond Indenture (the "Defeasance Date"), the Bond Trustee shall give notice to the Holders of the Bonds (at their addresses as they appear on the registration books of the Bond Trustee as of the date of such notice), by first-class mail, of the proposed discharge of the Bond Indenture at least ten days prior to such Defeasance Date. Such notice shall state that the Tender Agent has received written evidence from each Rating Agency then having a short-term rating assigned to the Bonds that the discharge of this Bond Indenture on the Defeasance Date will not, in and of itself, result in a reduction, suspension or withdrawal by such Rating Agency of the short-term rating then assigned by such Rating Agency to the Bonds. If no Liquidity Facility will be available for the purchase of Bonds on and after the Defeasance Date, the notice shall so state, and shall describe the obligations of the Hospital, or other sources of moneys then available, to purchase or provide funds for the purchase of Bonds upon optional or mandatory tender thereof as permitted by this Bond Indenture.

Any notice of the defeasance or redemption provided to Holders must specify whether any other redemption rights with respect to the Bonds have been retained by the Hospital.

Section 10.02 Discharge of Liability on Bonds. Upon the deposit with the Bond Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal or Redemption Price of and interest on such Bond by the Authority, and the Authority shall remain liable for such payments, but only out of such money or securities deposited with the Bond Trustee as aforesaid for such payment, subject, however, to the provisions of Section 10.04 which shall apply in all events.

Section 10.03 Deposit of Money or Securities with Bond Trustee. Whenever in this Bond Indenture it is provided or permitted that there be deposited with or held in trust by the Bond Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Bond Trustee in the funds and accounts established pursuant to this Bond Indenture (other than the Bond Purchase Fund and the Rebate Fund) and shall be:

(A) lawful money of the United States of America (which shall be Available Moneys if a Credit Facility is in effect) in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on an assumed interest rate equal to the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot be determined unless written evidence shall be provided to the Bond Trustee to the effect that funding based on an assumed interest rate less than the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot be determined will not result in a reduction, suspension or withdrawal of any long-term or short-term rating then assigned to the Bonds), except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Defeasance Obligations (not callable by the issuer thereof prior to maturity and purchased with Available Moneys if a Credit Facility is in effect), the principal of and interest on which when due (without any income from the reinvestment thereof), together with cash, will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity (based on an assumed interest rate equal to the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot be determined unless written evidence shall be provided to the Bond Trustee to the effect that funding based on an assumed interest rate less than the Maximum Interest Rate for periods for which the actual interest rate on the Bonds cannot be determined will not result in a reduction, suspension or withdrawal of any long-term or short-term rating then assigned to the Bonds), or to the redemption date, as the case may be, on

the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Bond Trustee shall have been made for the giving of such notice; provided, in each case, that the Bond Trustee shall have been irrevocably instructed (by the terms of this Bond Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Section 10.04 Payment of Bonds After Discharge of Bond Indenture. Notwithstanding any provisions of this Bond Indenture, any moneys held by the Bond Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years (or, if shorter, one day before such moneys would escheat to the State under then applicable Florida law) after such principal, Redemption Price or interest, as the case may be, has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Bond Indenture), if such moneys were so held at such date, or two years (or, if shorter, one day before such moneys would escheat to the State under then applicable Florida law) after the date of deposit of such moneys if deposited after the date such principal or Redemption Price or interest became due and payable, shall be repaid to the Hospital free from the trusts created by this Bond Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Bond Trustee indemnifying the Authority and the Bond Trustee with respect to claims of Holders of Bonds which have not yet been paid and containing the agreement of the Hospital to remain liable for the amount so repaid to the Hospital, and all liability of the Authority and the Bond Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Hospital as aforesaid, the Bond Trustee may (at the cost of the Hospital) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Bond Trustee, a notice, in such form as may be deemed appropriate by the Bond Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Hospital of the moneys held for the payment thereof.

ARTICLE XI MISCELLANEOUS

Section 11.01 Liability of Issuer Limited to Revenues. Notwithstanding anything in this Bond Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Bond Indenture for any of the purposes in this Bond Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Bond Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

Section 11.02 Successor is Deemed Included in All References to Predecessor. Whenever in this Bond Indenture either the Authority or the Bond Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Bond Indenture contained by or on behalf of the Authority or

the Bond Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03 Limitation of Rights to Parties, Members of the Obligated Group, Credit Facility Provider, Liquidity Facility Providers, and Bondholders. Nothing in this Bond Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person, other than the Authority, the Bond Trustee, the Members of the Obligated Group, the Credit Facility Provider (if any), the Liquidity Facility Providers (if any) and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Bond Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Bond Trustee, the Members of the Obligated Group, the Credit Facility Provider (if any), the Liquidity Facility Providers (if any) and the Holders of the Bonds.

Section 11.04 Waiver of Notice. Whenever in this Bond Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.05 Destruction of Bonds. Whenever in this Bond Indenture provision is made for the cancellation by the Bond Trustee and the delivery to the Authority of any Bonds, the Bond Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require) and deliver a certificate of such destruction to the Authority.

Section 11.06 Severability of Invalid Provisions. If any one or more of the provisions contained in this Bond Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Indenture, and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Indenture, and this Bond Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Bond Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Bond Indenture may be held illegal, invalid or unenforceable.

Section 11.07 Notices. All notices to Holders of Bonds shall be given by telex, telegram, telecopier or other telecommunication or electronic communication device (unless otherwise provided herein) and confirmed in writing as soon as practicable, in the case of Bondholders if such Bondholders have given appropriate information to the Bond Trustee for notice to be given in such manner, and otherwise by first class mail. Any notice to or demand upon the Bond Trustee may be served or presented, and such demand may be made, at the Designated Office (original address shown below), or at such other address as may have been filed in writing by the Bond Trustee with the Authority. Unless otherwise specified herein, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication to the Authority, the

Hospital, the Tender Agent or the Credit Facility Provider if the same shall be sent by registered or certified mail, return receipt requested, or by private courier service which provides evidence of delivery, postage or other charges prepaid, or sent by Electronic Means, confirmed by first class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery by Electronic Means. Each party may, by notice given to each other party as specified in this Section, designate any different addresses to which subsequent notices, certificates, requests, demands or other communications shall be sent.

(A) to the Authority at:

St. Johns County Industrial Development Authority
c/o Clerk of Court
P. O. Drawer 300
St. Johns County Courthouse
St. Augustine, Florida 32085
Attention: Chairman
Telephone No.: (904) 823-2457
Fax No.: (904) 823-2515

(B) to the Hospital at:

Flagler Hospital, Inc.
400 Health Park Boulevard
St. Augustine, Florida 32086
Attention: President
Telephone No. (904) 825-4400
Fax No.: (904) 825-4472

(C) to the Bond Trustee and Tender Agent at:

U.S. Bank National Association
225 E. Robinson Street
Orlando, Florida 32801
Attention: Corporate Trust Department
Telephone No.: (407) 237-4437
Telecopy No.: (407) 237-5299

(D) to Moody's at:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attention: Municipal Structured Products Group
Telephone: (212) 553-0300
Fax: (212) 553-4090

(E) to Fitch at:

Fitch Inc.
One State Street Plaza
New York, NY 10004
Attention: Municipal Structured Finance

(F) to S&P at:

Standard and Poor's Ratings Services
55 Water Street
New York, NY 10014
Attention: Municipal Finance Department

Any notice to or demand upon a Liquidity Facility Provider shall be deemed to have been sufficiently given or served for all purposes by being delivered by hand or sent by confirmed facsimile transmission or sent by confirmed electronic transmission or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be, to the address set forth in the Liquidity Facility provided by such Liquidity Facility Provider (or to such other address as may have been filed in writing by such party with the Bond Trustee, each other party identified in this Section 11.07 and the Remarketing Agent).

Any notice to or demand upon a Remarketing Agent shall be deemed to have been sufficiently given or served for all purposes by being delivered by hand or sent by confirmed facsimile transmission or sent by confirmed electronic transmission or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be, to the address set forth in the Remarketing Agreement provided by such Remarketing Agent (or to such other address as may have been filed in writing by such party with the Bond Trustee, each other party identified in this Section 11.07 and the Liquidity Facility Provider).

The Bond Trustee agrees to accept and act upon instructions or directions pursuant to this Bond Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Bond Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Hospital elects to give the Bond Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bond Trustee in its discretion elects to act upon such instructions, the Bond Trustee's understanding of such instructions shall be deemed controlling. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Hospital, by its execution of the Loan Agreement, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Bond Trustee, including without limitation, the risk of the Bond Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.08 Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Bond Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Bond Indenture and shall be conclusive in favor of the Bond Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to such notary public or officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Bond Trustee.

Any request, consent or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bond Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09 Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Indenture, Bonds which are owned or held by or for the account of the Authority, the Hospital or any of the other Members of the Obligated Group, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Hospital or any of the other Members of the Obligated Group or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Hospital or any of the other Members of the Obligated Group or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

Section 11.10 Money Held for Particular Bonds. The money held by the Bond Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

Section 11.11 Funds and Accounts. Any fund required by this Bond Indenture to be established and maintained by the Bond Trustee may be established and maintained in the accounting records of the Bond Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the requirements of Section 5.06 and Section 6.06 hereof and for the protection of the security of the Bonds and the rights of every Holder thereof.

Section 11.12 Waiver of Personal Liability. No member, director, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or premium (if any) or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Bond Indenture.

Section 11.13 Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 11.14 Governing Law. This Bond Indenture and the Bonds are contracts made under the laws of the State of Florida, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

Section 11.15 Execution in Several Counterparts. This Bond Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Bond Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow.]

IN WITNESS WHEREOF, ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT
AUTHORITY and U.S. BANK NATIONAL ASSOCIATION have caused this Bond Indenture
to be signed by their respective duly authorized officers, all as of the day and year first above
written.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

(Seal)

By: _____
Chairman

U.S. BANK NATIONAL ASSOCIATION, as Bond
Trustee

By: _____
Vice President

[Signature Page to Bond Indenture]

EXHIBIT A
FORM OF BOND
(Attached)

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
HOSPITAL REVENUE REFUNDING BOND
(FLAGLER HOSPITAL, INC. PROJECT),
SERIES 2011**

No. R-1

\$12,500,000

Maturity Date	Interest Rate	Dated
December 15, 2016	Bank Loan Fixed Rate of 2.66%	January 21, 2011
Registered Owner:	PNC BANK, N.A.	
Principal Amount:	TWELVE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS	

The ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic created and existing under the provisions of Chapter 159, Part III, Florida Statutes, as amended (the "Act"), for value received, hereby promises to pay to the registered owner specified above or registered assigns, on the maturity date specified above (unless this Bond shall have previously been called for redemption and payment of the redemption price made or provided for), but solely out of the sources specified, in the Bond Indenture, dated as of January 1, 2011 (the "Bond Indenture"), between the Authority and U.S. Bank National Association, as trustee (together with any successor trustee, the "Trustee"), and not otherwise, upon surrender hereof, the principal amount specified above, and to pay interest on the balance of said principal amount from time to time remaining unpaid from and including the date hereof until payment of such principal amount has been made or duly provided for, at the variable rates of interest and on the dates determined as provided in the Bond Indenture, such principal and interest to be computed and paid at the times and in the manner set forth in the Bond Indenture.

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Bond Indenture.

This Bond is being issued pursuant to the Act and is one of a duly authorized issue of bonds of the Authority designated as "St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011" (herein called the "Bonds"), limited in aggregate principal amount to twelve million five hundred thousand dollars (\$12,500,000). The Bonds are being issued for the purpose of making a loan to Flagler Hospital, Inc., a private, not for profit corporation organized and existing under the laws of the State (the "Hospital"), pursuant to a Loan Agreement, dated as of January 1, 2011 (the "Loan Agreement"), between the Authority and the Hospital, for the purposes and on the terms and conditions set forth therein.

Reference is hereby made to the Bond Indenture and to the Loan Agreement for a description of the rights thereunder of the registered owners of the Bonds, the nature and extent of the security, the rights, duties and immunities of the Trustee, and the rights and obligations of the Authority and the Hospital thereunder. The registered owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Bond Indenture and the Loan Agreement.

IN ACCORDANCE WITH THE ACT, THE BONDS AND ALL OBLIGATIONS OF THE AUTHORITY UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL BE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE BY THE AUTHORITY SOLELY FROM THE REVENUES PLEDGED TO THE PAYMENT HEREOF. THE BONDS AND ALL OTHER OBLIGATIONS OF THE AUTHORITY UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, ST. JOHNS COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION. THE BONDS AND ALL OTHER OBLIGATIONS OF THE AUTHORITY UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL NOT BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS AND ALL OTHER OBLIGATIONS OF THE AUTHORITY UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL NOT GIVE RISE TO A PECUNIARY LIABILITY OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

ANYTHING HEREIN OR IN THE BOND INDENTURE TO THE CONTRARY NOTWITHSTANDING (A) NEITHER THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL EVER BE REQUIRED TO (I) LEVY ANY AD VALOREM TAXES ON ANY PROPERTY WITHIN ITS TERRITORIAL LIMITS TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR TO MAKE ANY OTHER PAYMENTS PROVIDED FOR UNDER THE LOAN AGREEMENT OR THE BOND INDENTURE (II) PAY THE SAME FROM ANY FUNDS OTHER THAN THE TRUST ESTATE PLEDGED THEREFOR IN ACCORDANCE WITH THE INDENTURE, OR (III) REQUIRE OR ENFORCE ANY PAYMENT OR PERFORMANCE BY THE HOSPITAL AS PROVIDED IN THE INDENTURE OR THE LOAN AGREEMENT UNLESS ITS EXPENSES IN RESPECT THEREOF SHALL BE AVAILABLE FROM ANY MONEYS DERIVED UNDER THE LOAN AGREEMENT OR THE SERIES 2009 MASTER NOTE, OR SHALL BE ADVANCED TO IT FOR SUCH PURPOSE AND UNLESS IT SHALL RECEIVE INDEMNITY TO ITS SATISFACTION; AND (B) THE BONDS AND ALL OTHER OBLIGATIONS OF THE AUTHORITY UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF EXCEPT TO THE EXTENT (IF ANY) OF THE AUTHORITY'S RIGHTS IN THE

LOAN AGREEMENT, THE SERIES 2011 MASTER NOTE AND THE PROPERTY RIGHTS, RECEIPTS, REVENUES AND PROCEEDS PLEDGED UNDER THE BOND INDENTURE.

The principal of the Bonds and the interest thereon are payable from Revenues and are secured by a pledge and assignment of the Revenues and of amounts held in the funds and accounts (other than the Rebate Fund and the Bond Purchase Fund) established pursuant to the Bond Indenture (including proceeds of the sale of the Bonds), subject only to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Indenture. Payment of principal of and interest on the Bonds is further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement (to the extent and as more particularly described in the Bond Indenture). In addition, payment of principal and interest on the Bonds is further secured by assignment of the right, title and interest of the Authority in Master Note, Series 2011, No. 1, dated January 21, 2011 (the "Series 2011 Master Note"), issued by the Hospital, acting on behalf of itself and the other Members of the Obligated Group (the Hospital, acting in such capacity being hereinafter referred to as the "Obligated Group Agent"), pursuant to the terms of a Master Trust Indenture, dated as of August 1, 1992 (the "Master Trust Indenture"), among the Hospital, Flagler Health Care System, Inc., Flagler Health Care Foundation, Inc. and U. S. Bank National Association, as successor master trustee (the "Master Trustee").

The Bonds are subject to optional and extraordinary option redemption prior to maturity at the times, in the amounts, under the circumstances, with the notice, at the redemption prices, upon the other terms and conditions and with the effect set forth in the Bond Indenture.

Subject to the terms and conditions set forth in Bond Indenture, the Bonds shall be redeemed (or paid at maturity on the Maturity Date at the expiration of the Initial Bank Loan Fixed Rate, as the case may be) by application of Sinking Fund Installments in the following amounts and on the following dates:

<u>Sinking Fund Installment Date (December 15)</u>	<u>Sinking Fund Installments</u>
2011	\$2,100,000
2012	2,200,000
2013	2,400,000
2014	2,500,000
2015	2,700,000
2016*	600,000
* Maturity Date	

During any Bank Loan Rate Period, Weekly Rate Period, Daily Rate Period, Term Rate Period or Commercial Paper Rate Period, the Bonds shall be subject to mandatory redemption from Sinking Fund Installments in whole or in part in accordance with the Sinking Fund Installment schedule set forth above; provided the Hospital may deliver to the Bond Trustee a new Sinking Fund Installment schedule together with a Favorable Opinion on or prior to a Conversion Date (with the consent of the Credit Facility Provider, if any Credit Facility will be

in effect upon Conversion, or for Bonds converting to a Bank Loan Rate Period, the Bank Loan Rate Holder). During any Bank Loan Rate Period, all principal and interest payments will be made directly by the Hospital to the Bank Loan Rate Holder.

The Bonds are subject to tender at the times, in the amounts, under the circumstances, with the notice, at the purchase prices, upon the other terms and conditions and with the effect set forth in the Bond Indenture.

The Bonds are issuable only as registered Bonds in Authorized Denominations. This Bond is transferable and may be exchanged by the registered holder hereof in person or by its attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds, of Authorized Denominations, for the same aggregate principal amount, will be issued in exchange therefor.

The Authority, the Trustee and the Hospital may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority, the Trustee and the Hospital shall not be affected by any notice to the contrary.

In certain events, on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of the Bonds then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

Modifications or alterations of the Bond Indenture, or of any supplements thereto, may be made only to the extent and under the circumstances permitted by the Bond Indenture.

The Bond Indenture prescribes the manner in which it may be discharged and after which the Bonds shall no longer be secured by or entitled to the benefits of the Bond Indenture.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the provisions of the Act and by the Constitution and laws of the State, and that the issuance, authentication and delivery of this Bond have been duly authorized by the Act.

This Bond shall not be entitled to any benefit under the Bond Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been duly executed by the Trustee.

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IN WITNESS WHEREOF, the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of Chairman and its corporate seal to be hereunto affixed by the manual or facsimile signature of its Secretary, all as of the dated date specified above:

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Chairman

[SEAL]

Attest:

By: _____
Secretary

EXHIBIT C
BOND PURCHASE AGREEMENT

\$12,500,000
St. Johns County Industrial Development Authority
Hospital Revenue Refunding Bonds
(Flagler Hospital, Inc. Project),
Series 2011

January 20, 2011

BOND PURCHASE AGREEMENT

St. Johns County Industrial Development Authority
St. Augustine, Florida

Flagler Hospital, Inc.
Flagler Health Care System, Inc.
Flagler Health Care Foundation, Inc.
St. Augustine, Florida

To the Addressees:

The undersigned, PNC Bank, N.A. (the "Purchaser"), being duly authorized, hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with St. Johns County Industrial Development Authority (the "Issuer"), Flagler Hospital, Inc. (the "Hospital"), Flagler Health Care System, Inc. (the "System") and Flagler Health Care Foundation, Inc. (the "Foundation"), for the purchase by the Purchaser and the sale by the Issuer of the \$12,500,000 St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011 (the "Bonds"). The Hospital, the System and the Foundation are collectively referred to herein as the "Obligated Group." This offer is made subject to acceptance by the Issuer and the Obligated Group of this Purchase Agreement, which acceptance shall be evidenced by the execution of this Purchase Agreement by a duly authorized officer of the Issuer prior to 5:00 P.M., Eastern Time on the date hereof. Upon such acceptance, execution and delivery, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Obligated Group and the Purchaser. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Indenture referred to in Section 2 hereof.

1. Upon the terms and conditions and based on the representations, warranties and covenants set forth herein and in the Purchaser's commitment letter attached hereto as Exhibit "C", the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all (but not less than all) of \$12,500,000 in aggregate principal amount of the Bonds at the purchase price of \$12,500,000.

2. The Bonds shall be as described in, and shall be authorized by a resolution adopted by the Issuer on January 21, 2011 (the "Resolution"). The Bonds shall be issued and secured under and pursuant to a Bond Indenture, dated as of January 1, 2011 (the "Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), and shall be payable from (i) the Revenues, including the revenues derived by the Issuer under a Loan Agreement, dated as of January 1, 2011 (the "Agreement"), (ii) payments on the Master Note, Series 2011, No. 1 dated as of January 21, 2011 (the "Series 2011 Master Note"), issued by the Hospital and the other members of the Obligated Group to the Bond Trustee, as assignee of the Issuer, pursuant to Supplemental Indenture for Master Note, Series 2011, No. 1 dated as of January 1, 2011 (the "Supplemental Master Indenture"), which supplements the Master Trust Indenture, dated as of August 1, 1992 (as supplemented, the "Master Indenture") by and among the Obligated Group and U.S. Bank National Association, as successor master trustee (the "Master Trustee"), and (iii) certain funds held under the Indenture (other than the Rebate Fund and the Bond Purchase Fund) (collectively, the "Trust Estate"). The Series 2011 Master Note is a joint and several general obligation of each Member of the Obligated Group which is secured by a pledge of and security interest in the Gross Revenues of the Obligated Group. The Bonds will be held by the Purchaser and the proceeds of the Bonds will be disbursed by the Bond Trustee pursuant to the Indenture. The Series 2011 Master Note, together with all other Master Notes (as defined in the Master Indenture) issued pursuant to the Master Indenture, is also secured by a mortgage on the Hospital's main campus pursuant to a Mortgage and Security Agreement dated as of December 1, 2003, as supplemented by a Notice of Future Advance relating to Mortgage and Security Agreement dated as of January 1, 2011, each from the Hospital to the Master Trustee (the "Mortgage"). The Bonds shall bear interest initially at an Initial Bank Loan Fixed Rate (as defined in the Indenture) of 2.66% per annum. The Bonds shall be subject to purchase and redemption as described in the Indenture, including without limitation the right of the Purchaser to tender the Bonds for purchase or redemption on December 15, 2016.

The (i) Resolution, (ii) Bonds, (iii) Indenture, (iv) Agreement, (v) Tax Agreement of the Issuer, and (vi) this Bond Purchase Agreement are hereinafter collectively referred to as the "Issuer Documents."

The (i) Master Indenture, (ii) Supplemental Master Indenture, (iii) Series 2011 Master Note, (iv) Agreement, (vi) Mortgage, (vi) Tax Agreement of the Hospital, and (vii) this Bond Purchase Agreement are hereinafter collectively referred to as the "Obligated Group Documents."

3. The proceeds to be received by the Issuer from the sale of the Bonds will be loaned to the Hospital pursuant to the Agreement for the purpose of refunding the outstanding St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B (collectively, the "Series 1996 Bonds"), the proceeds of which were used for the purposes of (i) refunding a portion of the St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), the proceeds of which were used to finance the costs of the acquisition, construction and equipping of a new 115-bed acute care hospital facility now located at 400 Health Park Boulevard, south of the city limits of St. Augustine, Florida (the "City"), to be owned and used by the Hospital and (ii) pay or reimburse the costs of the acquisition, renovation, construction

and installation of certain health care facilities, including the construction of a five-story acute care hospital patient tower containing approximately 156,000 square feet, which provides space for 63 private patient rooms, including a 12-bed critical care unit, consolidated emergency services, patient billing services, radiology, nuclear medicine and cardiology imaging services; the renovation of approximately 35,000 square feet of the existing Flagler East Campus hospital building to expand areas used for the central power plant, laboratory, dietary and dining; the construction of a new obstetrics/women's in-patient unit on the Flagler East Campus; the acquisition and installation of equipment and furnishings related to the foregoing and to the Hospital's existing facilities; all located or to be located at 400 Health Park Boulevard, south of the city limits of the City, and to be owned and operated by the Hospital and (iii) paying the costs of issuance of the Series 1996 Bonds.

4.

(a) The following statements are made in satisfaction of the requirements of Section 218.385(2) and (3), Florida Statutes and are for informational purposes only and shall not effect or control the actual terms and conditions of the Bonds:

(i) The Bonds are expected to be repaid over a period of approximately 21 years. Assuming the Bonds will bear an interest rate of 2.66%, equal to the Initial Bank Loan Fixed Rate (as defined in the Indenture), for the life of the Bonds, total interest payments in the amount of \$_____ would be made over the life of the Bonds.

(ii) The source of repayment or security for the Bonds is the loan repayments of the Hospital pursuant to the Agreement. Authorizing this debt or obligation will result in \$ 0 of the Issuer's funds, other than such loan repayments, not being available to finance the other services of the Issuer each year until December 15, 2016.

(b) Simultaneously with the submission of the offer to purchase the Bonds pursuant to this Bond Purchase Agreement, the Bond Purchaser has provided the Issuer all applicable disclosure and "truth in bonding" information required by Section 218.385, Florida Statutes, and the Issuer, by its acceptance hereof, accepts such disclosure and agrees that it does not require any further disclosure from the Purchaser prior to the delivery of the Bonds with regard to the matters set forth in Section 218.385, Florida Statutes. The Disclosure and Truth in Bonding Statement submitted by the Purchaser in compliance with Section 218.385, Florida Statutes, is attached hereto Exhibit "A."

(c) As an inducement to the other parties to enter into this Bond Purchase Agreement, the Purchaser makes the following representations:

(i) It is an institutional investor, meaning thereby that it is either an insurance company, a national banking association organized pursuant to the laws of the United States or a state commercial bank organized under the banking laws of the state in which its home office is located, and it is duly and legally authorized to purchase the Bonds, as provided in this Bond Purchase Agreement.

(ii) In entering into this Bond Purchase Agreement it has relied solely upon the representations, warranties and closing conditions contained herein, information furnished to it by or on behalf of Obligated Group and credit investigations and reviews conducted by it and/or its own advisors, and it has not relied upon any other representations, warranties or information furnished by or on behalf of the Issuer or Bond Counsel.

(iii) It has been offered copies of or full access to all Bond documents and all records, reports, financial statements and other information concerning the Obligated Group and pertinent to the source of payment for the Bonds to which a reasonable investor would attach significance in making investment decisions.

(iv) It is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the hereinafter-stated principal amount of the Bonds, and it is aware of the intended use of the proceeds of the Bonds and the risks involved therein.

(v) It understands that the Bonds are not secured by any obligation or pledge of any moneys received or to be received from taxation or from the Issuer, the State of Florida or any political subdivision or taxing district thereof (including, without implied limitation, the Issuer), and that the Bonds will never represent or constitute general obligations, debt or bonded indebtedness of the Issuer, the State of Florida or any political subdivision thereof and that no right will exist to have taxes levied by the Issuer, the State of Florida or any political subdivision thereof for the payment of principal of, redemption premiums, if any, and interest on the Bonds.

(vi) It is purchasing the Bonds solely for its own account and not on behalf of others, and solely for investment and not with a view to reselling or otherwise distributing all or any part of or interest in the Bonds, except that it may grant a participation or participations to not more than four other institutional investors of the type described in subsection (a) of this Section.

(vii) It has been informed and acknowledges that the Bonds (i) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service and (iv) are not likely to be readily marketable.

(viii) It will not offer, sell or otherwise dispose of all or any part of or interest in the Bonds, except (i) in full good faith compliance with all securities registration, broker-dealer, antifraud and other provisions of the applicable state and federal laws, (ii) with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s) and (iii) either under effective federal and state registration statements (which neither the Issuer nor the Obligated

Group shall in any way be obligated to provide) or upon delivery of an opinion of recognized counsel satisfactory to the Obligated Group to the effect that the Bonds are being offered, sold or otherwise disposed of pursuant to exemptions from such registrations.

(ix) It has been informed by the Obligated Group and agrees that (i) stop transfer notations may be made on the Bond Trustee's transfer records and (ii) a legend may be placed on the Bond certificates or any other documents evidencing ownership of the Bonds to the effect that they have not been registered under the Securities Act of 1933 (the "1933 Act") or any state "Blue Sky" laws and that they may not be disposed of unless they are registered thereunder or an opinion of recognized counsel satisfactory to the Obligated Group is delivered to the effect that they may be resold or otherwise disposed of pursuant to an exemption from such registration.

(x) It is not a bond house, broker or other intermediary for the Bonds, and it is not an underwriter for the Bonds.

(xi) It understands, acknowledges and agrees that the Bonds, the Indenture, the obligations of the Hospital under the Agreement and the obligations of the Obligated Group under the Series 2011 Master Note are being issued and sold, or entered into, in reliance upon exemptions from filing, registration and qualification under the securities laws of Florida, and that the same have not been and will not be filed, registered or qualified under such laws.

(xii) It understands and acknowledges that the Bonds have not been validated.

(xiii) It understands that First River Advisory L.L.C., financial advisor to the Hospital, has not acted as Placement Agent with respect to the Bonds.

5. No offering memorandum or official statement been prepared in connection with the purchase of the Bonds by the Purchaser.

6. The Issuer hereby represents, warrants and covenants to the Purchaser as follows:

(a) The Issuer is public body corporate and politic duly organized and existing under the laws of the State of Florida, with all power and authority contained in Parts II and III of Chapter, 159, Florida Statutes, as amended, and all other applicable provisions of law (collectively, the "Act").

(b) The Issuer is authorized under the laws of the State of Florida, and particularly under the Act, (i) to issue the Bonds for the purposes described in Section 3 hereof; (ii) to pledge the Trust Estate to the Bond Trustee under and pursuant to the Indenture, for the benefit of the owners of the Bonds; (iii) to execute and deliver the Issuer Documents; and (iv) to carry out and consummate all of the transactions contemplated on its part by the Issuer Documents.

(c) The information provided to the Purchaser relating to the Issuer is true and correct in all material respects.

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

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer (i) attempting to limit, enjoin or otherwise restrict or prevent the Issuer from functioning or contesting or questioning the existence of the Issuer or the titles of the present officers of the Issuer to their offices or (ii) wherein an unfavorable decision, ruling or finding would (A) adversely affect the existence or powers of the Issuer or the validity or enforceability of the Issuer Documents; or (B) materially adversely affect (1) the transactions contemplated by Issuer Documents; or (2) the exemption of the interest on the Bonds from federal income taxation.

(f) The adoption by the Issuer of the Resolution and the execution and delivery by the Issuer of Issuer Documents and the other documents contemplated hereby, and the compliance with the provisions thereof, will not conflict with or constitute on the part of the Issuer a violation of, breach of or default under (i) the Act or any other governing instruments; (ii) any constitutional provision, statute, indenture, mortgage, lease, resolution, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound; or (iii) any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its properties.

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

(h) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, that are required to be obtained by the Issuer in connection with the issuance and sale of the Bonds, the execution and delivery of this Purchase Agreement, and the consummation of the transactions contemplated by the Issuer Documents and the refunding of the Series 1996 Bonds have been duly obtained and

remain in full force and effect, except that no representation is made as to compliance with any applicable federal or state securities or "Blue Sky" laws.

(i) Neither the Issuer nor anyone acting on its behalf has, directly or indirectly, offered the Bonds or any similar securities of the Issuer relating to the Obligated Group for sale to, or solicited any offer to buy the same from, anyone other than the Purchaser.

(j) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the Issuer's knowledge, threatened to issue, any order preventing or suspending the issuance and sale of the Bonds.

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

(l) The Issuer is not in default and has not been in default at any time, as to principal or interest, with respect to any bonds, notes, securities or other obligations issued by the Issuer or any successor of the Issuer, which would adversely affect the issuance and delivery of the Bonds or the transactions contemplated thereby.

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

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

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

(p) The Issuer will direct the deposit of the proceeds from the sale of the Bonds as specified in the Indenture, the Agreement, and this Purchase Agreement.

7. In order to induce the Purchaser to enter into this Purchase Agreement and in order to induce the Issuer to enter into the Agreement and this Purchase Agreement, the Obligated Group represents, warrants and covenants to the Purchaser and the Issuer as follows:

(a) Each of the Members of the Obligated Group is duly organized, validly existing and in good standing under the laws of the State of Florida and is qualified to transact business and in good standing under the laws of the State of Florida.

(b) Each of the Members of the Obligated Group is authorized under the laws of the State of Florida to carry out and consummate all of the transactions contemplated on its part, as applicable, by the Obligated Group Documents.

(c) The Obligated Group has all necessary corporate power and authority (i) to execute, deliver and perform its obligations under the Obligated Group Documents and (ii) to carry out and consummate all the transactions contemplated on its part by the Obligated Group Documents.

(d) The information provided to the Purchaser related to the Obligated Group was, and such information is, and at all times subsequent hereto and including the date of the Closing will be, true and correct in all material respects.

(e) The Obligated Group has duly authorized all actions required to be taken by it for (i) the execution, delivery and due performance of the Obligated Group Documents, and (ii) the delivery of any and all such other agreements and documents as may be required to be executed, delivered, or performed by the Obligated Group in order to carry out, give effect to and consummate the transactions contemplated on its part hereby and by each of the aforesaid documents.

(f) The Obligated Group Documents are in the form approved by the Obligated Group and upon the execution and delivery thereof, each will constitute the valid and legally binding obligation of the Obligated Group, as applicable, enforceable in accordance with its terms (subject in each case to usual principles of equity and to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect).

(g) The Hospital will apply (or cause the application of) the moneys loaned to the Hospital by the Issuer from the proceeds of the sale of the Bonds as specified in the Indenture, the Agreement, and this Purchase Agreement.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Obligated Group, threatened against or affecting the Obligated Group (or, to the knowledge of the Obligated Group, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Obligated Group from functioning, or contesting or questioning the existence of the Obligated Group, or the titles of the present officers of any member of the Obligated Group to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely affect (A) the existence or powers of the Obligated Group; (B) the financial position of the Obligated Group; (C) the

transactions contemplated hereby or by the documents referred to in (D) immediately below; (D) the validity or enforceability of the Bonds, the Indenture, the Obligated Group Documents or any agreement or instrument to which the any of the members of the Obligated Group is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents; or (E) the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation.

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

(j) Neither the Obligated Group nor anyone acting on its behalf has, directly or indirectly, offered the Bonds for sale to, or solicited any offer to buy the same from, anyone other than the Purchaser.

(k) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the knowledge of each member of the Obligated Group, threatened to issue, any order preventing or otherwise seeking to enjoin the offer or sale of the Bonds.

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

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

(n) The representations and warranties of the Obligated Group in any of the Obligated Group Documents and in any document delivered in connection therewith are true and correct as of the date hereof and will be true and correct on the Closing Date and are incorporated herein.

8. By no later than 1:00 P.M., Eastern Time, on January 21, 2011 (the "Closing Date"), the Issuer will deliver, or cause to be delivered, to or upon the order of the Purchaser, the Bonds, in definitive form, duly executed and authenticated, together with the other

documents required in Section 9 hereof, and the Purchaser will accept such delivery and pay the purchase price of the Bonds. Payment for the Bonds shall be made in immediately available funds by check or by bank wire transfer payable to the order of the Bond Trustee on behalf of the Issuer.

The closing of the sale of the Bonds as aforesaid (the "Closing") shall be held via teleconference on the Closing Date. Unless otherwise requested by the Purchaser at or prior to the Closing, the Bonds will be delivered at the Closing in fully registered form, registered to PNC Bank, N.A., and in the form of one certificate.

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

(a) At the time of the Closing (i) the Resolution, the Indenture, and the Agreement, shall be in form and substance satisfactory to the Purchaser, shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser; (ii) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions, including the Resolution as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and (iii) the Issuer shall have obtained elected official approval of the Bonds. By execution of this Agreement the Obligated Group, the Issuer and the Purchaser evidence their agreement as to the matters set forth in the Resolution to be determined by them, including the amount of the Bonds, the Initial Bank Loan Fixed Rate, and the mandatory sinking fund redemption schedule, all as more particularly set forth on Exhibit "B" hereto.

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

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

(ii) An opinion of counsel to the Obligated Group, dated the date of the Closing and in a form acceptable to the Purchaser and its counsel,

(iii) An opinion of Counsel to the Issuer, dated the date of the Closing, and in a form acceptable to the Purchaser and its counsel,

(iv) An opinion of Counsel to the Master Trustee and Bond Trustee, dated the date of the Closing, and in a form acceptable to the Purchaser and its counsel,

- (v) A specimen of the Bonds,
- (vi) A certificate of the Issuer, dated the date of Closing, signed by an authorized officer of the Issuer in form and substance satisfactory to the Purchaser and its counsel, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects as of the Closing and that the Issuer has performed its obligations under this Purchase Agreement,
- (vii) A certificate of the Hospital, on behalf of the Obligated Group, dated the Closing Date, signed by an authorized officer of the Hospital, to the effect that the representations and warranties of the Obligated Group contained herein are true and correct in all material respects as of the Closing and that the Obligated Group has performed its obligations under this Purchase Agreement,
- (viii) Executed counterparts of the Issuer Documents and the Obligated Group Documents,
- (ix) The First Supplemental Mortgage and Security Agreement and Notice of Future Advance shall be in form suitable for recording,
- (x) Certified copies of resolutions of the Issuer, including the Resolution, authorizing the issuance, sale, execution and delivery of the Bonds and the execution, delivery and performance of the Indenture, the Agreement and this Purchase Agreement,
- (xi) Certified copy of the resolution of the St. Johns County Board of County Commissioners adopted on January 18, 2011, approving the issuance of the Bonds,
- (xii) Copies of the (A) Articles of Incorporation of each of the members of the Obligated Group, certified as of a recent date by the Secretary of State of the State of Florida, and (B) By-laws of each of the members of the Obligated Group, certified by the Chief Financial Officer of the Hospital; a copy of the resolutions of the Board of Trustees of the Hospital, on behalf of itself and the Members of the Obligated Group, authorizing certain officers of the Hospital, on behalf of itself and the Members of the Obligated Group, to approve, execute and deliver the Obligated Group Documents and all transactions and other documents contemplated by the Issuer Documents and the Obligated Group Documents,
- (xiii) A certificate of the Master Trustee and Bond Trustee, dated the date of Closing, signed by an authorized officer of the Master Trustee and Bond Trustee in form and substance satisfactory to the Purchaser and its counsel, to the effect that (a) the Master Trustee and Bond Trustee is a duly organized and validly existing national banking association with full power, authority and legal right to execute and deliver the Bonds, the Issuer Documents and the Obligated Group Documents, to which it is a party, and (b) the Bonds, the Issuer Documents and the Obligated Group Documents, to which it is a party, have been properly

authorized and executed and will be duly performed on behalf of the Master Trustee and Bond Trustee,

(xiv) The certificate of the Hospital required by the Agreement and Master Indenture regarding the incurrence of additional Indebtedness, and

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

10. If the Issuer or the Obligated Group is unable to satisfy the conditions to the obligations of the Purchaser contained in this Purchase Agreement, or if the obligations of the Purchaser to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate at the option of the Purchaser and neither the Purchaser nor the Issuer nor the Obligated Group shall be under further obligation hereunder; except that the respective obligations to indemnify and pay expenses, as provided in Sections 11 and 14 hereof, shall continue in full force and effect.

11.

(a) To the fullest extent permitted by applicable law, the Obligated Group agrees to indemnify and hold harmless the Purchaser, the Issuer or the other persons described in subsection (b) below against any and all losses, damages, expenses (including reasonable legal and other fees and expenses actually incurred), liabilities or claims (or actions in respect thereof), (i) to which the Purchaser, the Issuer or the other persons described in subsection (b) below may become subject under any federal or state securities laws or other statutory law or at common law or otherwise, caused by or arising out of or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact related to the Obligated Group contained in the information furnished by the Obligated Group in writing to the Purchaser in connection with the purchase of the Bonds or caused by any omission or alleged omission related to the Obligated Group in the information furnished by the Obligated Group in writing to the Purchaser in connection with the purchase of the Bonds.

(b) The indemnity provided under this Section 11 shall extend upon the same terms and conditions to each officer, director, employee, agent or attorney of the Purchaser or the Issuer, and each person, if any, who controls the Purchaser or the Issuer. Such indemnity shall also extend, without limitation, to any and all expenses whatsoever reasonably incurred by any indemnified party in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of any such loss, damage, expense, liability or claim (or action in respect thereof), whether or not resulting in any liability, and shall include any

loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the Obligated Group.

(c) Within a reasonable time after an indemnified party under paragraphs (a) and (b) of this Section 11 shall have been served with the summons or other first legal process or shall have received written notice of the threat of a claim in respect of which an indemnity may be claimed, such indemnified party shall, if a claim for indemnity in respect thereof is to be made against the Obligated Group under this Section 11, notify the Obligated Group in writing of the commencement thereof; but the omission to so notify the Obligated Group shall not relieve the Obligated Group from any liability that it may have to any indemnified party other than pursuant to paragraphs (a) and (b) of this Section 11. The Obligated Group shall be entitled to participate at its own expense in the defense, and if the Obligated Group so elects within a reasonable time after receipt of such notice, or all indemnified parties seeking indemnification in such notice so direct, the Obligated Group shall assume the defense of any suit brought to enforce any such claim, and in either such case, such defense shall be conducted by counsel chosen promptly by the Obligated Group and reasonably satisfactory to the indemnified party; provided however, that, if the defendants in any such action include such an indemnified party and the Obligated Group, or include more than one indemnified party and any such indemnified party shall have been advised by its counsel that there may be legal defenses available to such indemnified party that are different from or additional to those available to the Obligated Group or another defendant indemnified party, and that in the reasonable opinion of such counsel are sufficient to make it undesirable for the same counsel to represent such indemnified party and the Obligated Group, or another defendant indemnified party, such indemnified party shall have the right to employ separate counsel in such action, and in such event the reasonable fees and expenses of such counsel shall be borne by the Obligated Group. Nothing contained in this paragraph (c) shall preclude any indemnified party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Obligated Group hereunder.

(d) If the indemnification provided for in paragraphs (a) and (b) of this Section 11 is unavailable or insufficient to hold harmless and indemnify any indemnified party in respect of any losses, damages, expenses, liabilities, or claims (or actions in respect thereof) referred to therein, then the Obligated Group, on the one hand, jointly and severally, and the Purchaser, on the other hand, shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, expenses, actions or liabilities in such proportion as is appropriate to reflect the relative benefits received by the Obligated Group on the one hand and the Purchaser on the other hand from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subsection (c) above, the Obligated Group on the one hand and the Purchaser on the other hand shall contribute to such amount paid or payable by the indemnified party in such proportion as is appropriate to effect not only such relative benefits but also the relative fault of the Obligated Group on the one hand and the Purchaser on the other in connection with the statements or omissions that resulted in

such losses, claims, damages, expenses, actions or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Obligated Group on the one hand and the Purchaser on the other hand shall be deemed to be in such proportion so that the Purchaser is responsible for that portion represented by the percentage that the loan fee bears to the original principal amount of the Bonds, and the Obligated Group is responsible for the balance. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Obligated Group on the one hand or the Purchaser on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

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

12. The indemnity and contribution provided by Section 11 hereof shall be in addition to any other liability that the Obligated Group may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the Purchaser, the Issuer and each director, officer, employee, agent, attorney and controlling person referred to therein, and their respective successors, assigns and legal representatives, and no other person acquire or have any right under or by virtue of such provisions of this Purchase Agreement. The indemnity and contribution provided by Section 11 hereof shall survive the termination or performance of this Purchase Agreement.

13. All representations, warranties and agreements of the Obligated Group set forth in or made pursuant to this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Purchaser and shall survive the delivery of and payment for the Bonds.

14. If the Bonds are sold to the Purchaser by the Issuer, the Obligated Group shall pay, out of the proceeds of the Bonds or from its own funds, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Purchase Agreement, the Indenture, the Agreement, the Mortgage and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby; (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Bonds; (iii) the fees and disbursements of Bond Counsel, counsel for the Issuer, counsel for the Obligated Group, counsel for the Master Trustee and Bond Trustee, counsel for the Purchaser and any other experts retained by the Obligated Group; (iv) the initial or acceptance fee of the Bond Trustee; and (v)

the cost of transportation and lodging for officials and representatives of the Issuer and the Obligated Group in connection with attending meetings and the Closing.

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

15. This Purchase Agreement shall inure to the benefit of and be binding upon the Issuer, the Obligated Group and the Purchaser and their respective successors and assigns. Nothing in this Purchase Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 11 hereof, and their respective successors, assigns and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Purchase Agreement or any provision herein contained. This Purchase Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and the persons entitled to indemnity and contribution under Section 11 hereof, and their respective successors, assigns and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser who purchases the Bonds from the Purchaser or other person or entity shall be deemed to be a successor merely by reason of such purchase.

16. Any notice or other communication to be given to the Issuer or the Hospital, as agent for the Obligated Group, under this Purchase Agreement may be given by delivering the same in writing or by telecopy to the address shown below, and any notice under this Purchase Agreement to the Purchaser may be given by delivering the same in writing to the Purchaser as follows:

Issuer: St. Johns County Industrial Development Authority
c/o Clerk of Court
P.O. Drawer 300
St. Johns County Courthouse
St. Augustine, Florida 32085
Attention: Chairman
Telephone: (904) 823-2457
Telecopy: (904) 823-2515

Hospital: Flagler Hospital, Inc.
400 Health Park Boulevard
St. Augustine, Florida 32086
Attention: President
Telephone: (904) 819-4400
Telecopy: (904) 819-4472

Purchaser: PNC Bank, N.A.
20 North Orange Avenue, Suite 1108
Orlando, Florida 32801

Attn: Ralph Swanson, Vice President
Telephone: (407) 245-2484
Telecopy: (407) 648-0005

17. No recourse under or upon any obligation, indemnity, covenant or agreement contained in this Purchase Agreement or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Purchase Agreement, shall be had against any trustee, director, member, commissioner, officer, employee or agent, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or to the Purchaser or otherwise of any amount that may become owed by the hereunder. Any and all personal liability of every nature, whether at common law or in equity, or by statute or constitution or otherwise, of any trustee, director, member, commissioner, officer, employee or agent, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, the Purchaser or otherwise, of any amount that may become owed by the Issuer hereunder is hereby expressly waived and released as a condition of and in consideration for the execution of this Purchase Agreement.

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

19. This Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and the Obligated Group.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow.]

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

Very truly yours,

PNC BANK, N.A.
as Purchaser

By: _____
Ralph Swanson, Vice President

[Signature Page to Bond Purchase Agreement]

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

**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: _____
Chairman

Approved:

FLAGLER HOSPITAL, INC.

By: _____
President

**FLAGLER HEALTH CARE SYSTEM,
INC.**

By: _____
President

**FLAGLER HEALTH CARE
FOUNDATION, INC.**

By: _____
President

EXHIBIT A

DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

January 20, 2011

St. Johns County Industrial Development Authority

Re: \$12,500,000 St. Johns County Industrial Development Authority Hospital
Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011
(the "Bonds")

Ladies and Gentlemen:

In connection with the proposed issuance by the St. Johns County Industrial Development Authority (the "Issuer") of the Bonds referred to above, PNC Bank, N.A. (the "Purchaser"), has agreed to purchase the Bonds pursuant to a Bond Purchase Agreement among the Issuer, and the Obligated Group (as defined therein), which will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, certain information in respect of the arrangement contemplated for the purchase of the Bonds, as follows:

- (a) The nature and estimated amounts of expenses to be incurred by the Purchaser in connection with the purchase of the Bonds: none, except for the fees and expenses of Purchaser's legal counsel, which are to be paid by the Obligated Group.
- (b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.
- (c) There is no underwriting spread (i.e., the difference between the price at which the Bonds will be initially offered to the public by the Purchaser and the price to be paid to the Issuer for the Bonds), the Bonds will not be offered to the public.
- (d) The Purchaser will not charge a management fee.
- (e) There is no fee, bonus or other compensation to be paid by the Purchaser in connection with the issuance of the Bonds to any person not regularly employed or retained by the Purchaser, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Purchaser.

(f) The name and address of the Purchaser is:

PNC Bank, N.A.
20 North Orange Avenue, Suite 1108
Orlando, Florida 32801
Telephone: (407) 245-2484
Telecopy: (407) 648-0005

We understand that you do not require any further disclosure from the Purchaser pursuant to Section 218.385(6), Florida Statutes, as amended.

PNC BANK, N.A.

By: _____
Ralph Swanson, Vice President

EXHIBIT B

Determination of certain open matters pursuant to the Resolution

The Bonds shall be in the amount of \$12,500,000.

The Initial Bank Loan Fixed Rate shall equal 2.66% per annum.

The mandatory sinking fund redemption schedule is as shown below:

<u>Sinking Fund Installment Date (December 15)</u>	<u>Sinking Fund Installments</u>
2011	\$2,100,000
2012	2,200,000
2013	2,400,000
2014	2,500,000
2015	2,700,000
2016*	600,000

* Maturity Date

EXHIBIT C

Purchaser's Commitment Letter

EXHIBIT D

FORM OF REMARKETING CIRCULAR

NOT A NEW ISSUE—BOOK-ENTRY ONLY

Ratings: _____ (See "RATINGS" herein)

On December 9, 2010, Foley & Lardner LLP, Bond Counsel, issued its opinion that, based on an analysis of existing laws as of such date and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel expresses no opinion regarding any other federal tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The opinion of Bond Counsel speaks only as of December 9, 2010 and is not being updated or renewed in connection with the remarketing of the Bonds. See "TAX MATTERS" herein.

\$ _____
**ST. JOHNS COUNTY INDUSTRIAL
 DEVELOPMENT AUTHORITY**
Hospital Revenue Refunding Bonds
(Flagler Hospital, Inc. Project)
Series 2011

Original Issue Date: January 21, 2011**Due: _____ 1, 20__**

The St. Johns County Industrial Development Authority (the "Issuer") issued its Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011 (the "Bonds"), in the aggregate principal amount of \$ _____. The Bonds are being remarketed as variable rate bonds that may bear interest at a Daily Rate, a Weekly Rate, Bank Loan Rates, Commercial Paper Rates or a Term Rate (each, an "Interest Rate Mode"). The Bonds will bear interest at a _____ Rate for a _____ Period. _____ will serve as the remarketing agent for the Bonds. As described herein, the Bonds may be converted to a different Interest Rate Mode at any time.

The Bonds bearing interest at the _____ Rate are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner of the Bonds, (i) payments of principal and purchase price of and premium, if any, and interest on such Bonds will be made by U.S. Bank National Association (the "Bond Trustee"), to Cede & Co., which in turn will remit such payments to the DTC Participants and DTC Indirect Participants for subsequent disbursement to the beneficial owners of the Bonds and (ii) all notices, including notice of redemption shall be mailed only to Cede & Co. While in [a Daily Rate Period or a Weekly Rate Period], purchases of the Bonds will be made in book-entry form only in initial authorized denominations of \$100,000 and \$5,000 multiples in excess thereof. Individual purchaser, for Bonds other than Bonds bearing interest at a Bank Loan Rate, will not receive physical delivery of bond certificates representing their beneficial interest in the Bonds. So long as Cede & Co. is the registered owner of the Bonds, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The first Interest Payment Date for Bonds will be _____, 20__.

[The principal and purchase price of and interest on the Bonds will be payable from the proceeds of draws under a direct-pay Letter of Credit, dated _____, 20__ (the "Letter of Credit"), to be issued by _____ (the "Bank"). The initial expiration date of the Letter of Credit is _____, 20__, unless extended or earlier terminated prior thereto, as described herein. The Letter of Credit will entitle the Bond Trustee to draw amounts up to the principal of and up to _____ days' accrued interest on each Series of the Bonds at the Maximum Interest Rate of 12%. See "THE LETTER OF CREDIT," "THE REIMBURSEMENT AGREEMENT" and "THE BANK" herein.

[Bank Logo]

As described herein, The Letter of Credit may be terminated and an alternate liquidity facility or an alternate credit facility may be provided by Flagler Hospital, Inc. (the "Hospital"), or the Hospital may terminate or cancel any liquidity facility, including the Letter of Credit, or any credit facility without the necessity of providing an alternate liquidity facility or alternate credit facility, subject to satisfying certain conditions described herein.]

The Bonds are subject to optional, mandatory and extraordinary optional redemption prior to maturity and are subject to optional and mandatory tender under the circumstances described herein.

The Bonds are special limited obligations of the Issuer issued pursuant to the Bond Indenture described herein between the Issuer and the Bond Trustee, and are payable solely from payments to be received by the Bond Trustee from the Hospital pursuant to the Loan Agreement described herein, from payments made by the Obligated Group Members, consisting of the Hospital, Flagler Health Care Foundation, Inc., and Flagler Health Care System, Inc., on Master Note, Series 2011, No. 1 issued under and pursuant to the terms of the Master Indenture described herein, and from certain funds held under the Bond Indenture, [including draws on the Letter of Credit]. The obligation of the Borrower to make payments under the Loan Agreement is secured by _____. The Bonds are secured by (a) an assignment by the Issuer to the Bond Trustee of the Issuer's rights in the Loan Agreement (except for certain rights including the right to indemnification and to receive certain payments) and Master Note, Series 2011, No. 1 and (b) the moneys and securities held in certain funds and accounts established under the Bond Indenture.

THE BONDS ARE PAYABLE SOLELY FROM REVENUES DESCRIBED ABOVE AND AS FURTHER DESCRIBED HEREIN. NEITHER THE BONDS NOR ANY PREMIUM OR INTEREST THEREON NOR THE PURCHASE PRICE THEREOF SHALL EVER CONSTITUTE AN INDEBTEDNESS OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE STATE OF FLORIDA (THE "STATE"), THE ISSUER OR ANY OTHER PUBLIC BODY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION, AND NONE OF THE ABOVE SHALL EVER CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE STATE, THE ISSUER OR ANY OTHER PUBLIC BODY.

This cover page contains information for quick reference only. Investors must read the entire Remarketing Circular to obtain information essential in making an informed investment decision.

The Bonds are being remarketed [on a "best efforts" basis], subject to the approving opinion of Foley & Lardner LLP, Jacksonville, Florida, Bond Counsel, and certain other conditions for delivery in book-entry form to the Depository Trust Company on _____, 20__.

 (As Remarketing Agent for the Bonds)

_____, 20__

This Remarketing Circular does not constitute an offering of any security other than the Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the Issuer, the Hospital, the Bank or the Remarketing Agent to give any information or to make any representation with respect to the Bonds other than those contained in this Remarketing Circular, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Hospital, the Bank, the Issuer, DTC, and other sources which are believed to be reliable, but is not guaranteed as to its accuracy or completeness. THE ISSUER HAS NOT ASSUMED ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS REMARKETING CIRCULAR OR THE APPENDICES HERETO, EXCEPT FOR THE INFORMATION CONTAINED UNDER "THE ISSUER" AND "MATERIAL LITIGATION – The Issuer" (INsofar AS SUCH INFORMATION RELATES TO THE ISSUER).

The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Circular: The Remarketing Agent has reviewed the information in this Remarketing Circular in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information. The information herein is subject to change without notice and neither the delivery hereof nor any sale hereunder at any time implies that information herein is correct as of any time subsequent to its date. Any statements in this Remarketing Circular involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

All summaries of statutes, resolutions, contracts, financial statements, reports, agreements, and other related documents set forth in this Remarketing Circular are qualified in their entirety by reference to such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Bond Trustee at its corporate trust office in Orlando, Florida.

In making an investment decision, investors should rely only on the financial strength of the Bank and the terms of the offering, and not on the financial strength of the Issuer, the Hospital, or any other security. No financial information concerning the Issuer or the Hospital is contained in this Remarketing Circular. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Remarketing Circular. Any representation to the contrary is a criminal offense.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS UNDER THE SECURITIES LAWS OF THE JURISDICTIONS IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS REMARKETING CIRCULAR.

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REMARKETING CIRCULAR

\$ _____
**ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY
Hospital Revenue Refunding Bonds
(Flagler Hospital, Inc. Project)
Series 2011**

INTRODUCTION

The descriptions and summaries of the various documents included in this Remarketing Circular are not comprehensive or definitive. Reference is made to each document for the complete details of all of its terms and conditions. All statements made herein regarding these documents are qualified in their entirety by reference thereto. For instructions on obtaining copies of certain of these documents, see the information herein under the caption "MISCELLANEOUS." See Appendix C for summaries of certain provisions of the Master Indenture, the Supplemental Master Indenture, the Bond Indenture and the Loan Agreement. Capitalized terms used in the forepart of this Remarketing Circular and not defined herein are defined in Appendix C.

Purpose of the Remarketing Circular

This Remarketing Circular, including the cover page and the Appendices, describes the \$ _____ St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds (Flagler Hospital, Inc. Project), Series 2011 (the "Bonds"). This Remarketing Circular is provided to furnish certain information in connection with the remarketing on _____, 20__ of \$ _____ in aggregate principal amount of the Bonds.

The Bonds

The Bonds were issued on December 9, 2010 in the original aggregate principal amount of \$ _____ under a bond indenture, dated as of December 1, 2010 (the "Bond Indenture"), between the St. Johns County Industrial Development Authority (the "Issuer") and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The Issuer has loaned the proceeds of the Bonds to Flagler Hospital, Inc. (the "Hospital"), which loan is evidenced by a loan agreement, dated as of December 1, 2010 (the "Loan Agreement"), between the Issuer and the Hospital, and is secured by payments under an Obligation (described below) issued pursuant to the Master Indenture (defined below).

Under the Bond Indenture, the Bonds are authorized to bear interest at the Daily Rate, the Weekly Rate, Bank Loan Rates, Commercial Paper Rates or the Term Rate (each an "Interest Rate Mode"). The Hospital has elected under the Loan Agreement to cause a change in the Interest Rate Mode applicable to the Bonds. As a result, the Bonds are subject to mandatory tender by the current owners thereof for purchase on _____, 20__ (the "Conversion Date"). If certain conditions to the effectiveness of the change in the interest rate mode are not satisfied, the change will not become effective and the Bonds will not be remarketed as described herein.

The Bonds will bear interest at a _____ Rate for a _____ Period. While the Bonds bear interest at a _____ Rate, interest on the Bonds will be payable on _____. The first Interest Payment Date for each Series of Bonds will be _____, 20__. At the option of the Hospital, the Bonds may be converted to a different Interest Rate Mode at any time. This Remarketing Circular describes the terms of the Bonds while the Bonds bear interest at a Weekly Rate or a Daily Rate.

The Bonds will be subject to optional tender for purchase by the Holders thereof while they bear interest at a Weekly Rate, a Daily Rate or a Bank Loan Rate. In addition, the Bonds will be subject to mandatory tender upon certain events, including the conversion to a different Interest Rate Mode, provided certain conditions to conversion are satisfied as described herein. See "THE BONDS—Tender of Bonds" herein.

Plan of Finance

The proceeds of the sale of the Bonds were used (i) to refund, on a current basis, a portion of the Issuer's Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996A and the Issuer's Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 1996B (the "Prior Bonds").

The Obligated Group

The Hospital, Flagler Health Care Foundation, Inc. (the "Foundation"), and Flagler Health Care System, Inc. (the "System") are Obligated Group Members (each, a "Member" and, collectively, "Members" or the "Obligated Group") under a Master Trust Indenture, dated as of August 1, 1992 (the "Master Indenture"), between U.S. Bank National Association, as successor master trustee (the "Master Trustee"), and the Members of the Obligated Group, pursuant to which said Obligated Group Members and any other persons that, from time to time, become Members of the Obligated Group have jointly and severally agreed to make payments on the Obligations issued and outstanding thereunder (the "Obligations"). Subject to certain conditions specified in the Master Indenture, other persons may become Members of or Members may withdraw from the Obligated Group. See APPENDIX C – "SUMMARY OF PRINCIPAL DOCUMENTS—Master Trust Indenture—Obligated Group Membership and Withdrawal."

Security for the Bonds

To evidence and secure the loan to be made under the Loan Agreement, the Hospital, as Obligated Group Agent of the Members of the Obligated Group, issued and delivered to the Bond Trustee Master Note, Series 2011, No. 1 (the "Series 2011 Master Note") under the Master Indenture, as supplemented and amended to date and by the Supplemental Master Trust Indenture for Master Note, Series 2011, No. 1 (the "Supplemental Master Indenture"), between the Hospital and the Master Trustee.

Under the Bond Indenture, the Issuer assigned and pledged all of its right, title and interest in the Series 2011 Master Note and the Loan Agreement (except for the right to receive any administrative fees or expenses to the extent payable to the Issuer and certain rights to indemnification) to the Bond Trustee. The terms of the Series 2011 Master Note require payments by the Obligated Group to the Bond Trustee in amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds. The Series 2011 Master Note is a joint and several obligation of the Members of the Obligated Group and entitles the Bond Trustee, as the registered owner of the Series 2011 Master Note, to the benefit of the covenants, restrictions and other obligations imposed upon the Obligated Group under the Master Indenture. For additional information concerning the security for the Bonds, including the enforceability of the Master Indenture and obligations against Members of the Obligated Group, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Series 2011 Master Note and all other notes of the Obligated Group heretofore and hereafter issued under the Master Indenture (the "Notes") are secured by a pledge of the gross revenues of the Obligated Group and other funds held under the Master Indenture and by a Mortgage and Security Agreement dated as of December 1, 2003, as supplemented by a First Supplement to Mortgage and Security Agreement and Future Advance dated as of May 1, 2009 (collectively, the "Mortgage"), from the

Hospital to the Master Trustee, pursuant to which the Hospital has granted a mortgage on its main campus in St. Augustine, Florida.

[The Letter of Credit]

Concurrently with and as a condition to the conversion of the Bonds to the _____ Rate Period, the Hospital will cause to be delivered to the Bond Trustee under the Bond Indenture, for the benefit of the owners of the Bonds, an irrevocable direct-pay Letter of Credit, dated _____, 20__ (the "Letter of Credit"), issued by _____ (the "Bank"). The Letter of Credit will be issued pursuant to a _____ Agreement, dated as of _____, 20__ (the "Reimbursement Agreement"), between the Bank and the Hospital, on behalf of itself and the Members of the Obligated Group. The Letter of Credit, any alternate credit facility and any alternate liquidity facility are defined under the Bond Indenture as the "Credit Facility" or the "Liquidity Facility," as appropriate. The Bond Trustee will be entitled under the Letter of Credit to draw up to (i) the principal amount of the Bonds of each Series to enable the Bond Trustee to pay the principal of the Bonds when due at maturity, upon redemption or acceleration, or upon tender, if tendered Bonds are not successfully remarketed by the remarketing agent for the Bonds of such Series, plus (ii) ___ days' accrued interest on the Bonds at 12% per annum on the principal amount of the Bonds, to enable the Bond Trustee to pay interest on the Bonds. The initial expiration date of the Letter of Credit is _____, 20__, unless extended or earlier terminated, as described herein. For information regarding the Letter of Credit, see "THE LETTER OF CREDIT" and "THE REIMBURSEMENT AGREEMENT" herein. See also APPENDIX A – "CERTAIN INFORMATION CONCERNING THE BANK" and APPENDIX B – "FORM OF LETTER OF CREDIT."

Pursuant to the Bond Indenture, the Bond Trustee will pay the interest on and principal of the Bonds, including payment of principal of and interest on such Bonds upon redemption when due, solely from Available Moneys, including moneys drawn under the Letter of Credit, unless the Bank has failed to honor a properly presented and conforming drawing with respect to the Letter of Credit, in which case the Bond Trustee will pay the principal of and interest on such Bond from Revenues (as provided in the Bond Indenture).

[In order to secure the obligation of the Hospital to make payments to the Bank under the Reimbursement Agreement, the Hospital will deliver to the Bank a master note (the "Bank Obligation") issued pursuant to the Master Indenture, as supplemented and amended by the Supplemental Master Indenture.]

Remarketing Agent

In order to provide for the future remarketing of the Bonds tendered for purchase as described herein, the Hospital and _____ (in such capacity, the "Remarketing Agent") [will enter] [have entered] into a Remarketing Agreement, dated as of _____, 20__ (the "Remarketing Agreement").

Book-Entry Only

The Bonds, when issued, will be payable solely in book-entry form through The Depository Trust Company ("DTC"). See the information under the caption, "BOOK-ENTRY ONLY SYSTEM" and in Appendix E.

THE ISSUER

The Issuer is a public body corporate and politic created and existing under the laws of the State of Florida pursuant to the provisions of the Florida Industrial Development Financing Act, Chapter 159, Parts II and III, Florida Statutes, as amended. The Authority is authorized to issue the Bonds and to loan the proceeds thereof to the Hospital and to secure the Bonds as described herein.

THE HOSPITAL AND THE OBLIGATED GROUP

The Hospital is a not-for-profit corporation organized and existing under the laws of the State of Florida. The Hospital currently owns and operates a 316-bed acute care general hospital known as Flagler Hospital located on a 73-acre site in St. Johns County, Florida, on which are located various health care facilities containing over 440,000 square feet of space. The Hospital, together with the System and the Foundation, has formed the Obligated Group under the Master Indenture.

[The Bank does not control the Hospital, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940. Likewise, neither the Hospital nor the Obligated Group controls the Bank, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940.]

[The remarketing of the Bonds is being made solely on the credit of the Bank, as issuer of the Letter of Credit, and not on the basis of the credit of the Hospital or of the Obligated Group.]

THE PLAN OF FINANCE

The proceeds of the sale of the Bonds were used to refund, on a current basis, the Prior Bonds. The proceeds of the Prior Bonds were loaned to the Hospital and were used for the purposes of (i) refunding a portion of the St. Johns County, Florida Hospital Revenue Bonds, 1986 Series A (Flagler Hospital, Inc. Project), the proceeds of which were used to finance the costs of the acquisition, construction and equipping of a new 115-bed acute care hospital facility now located at 400 Health Park Boulevard, south of the city limits of St. Augustine, Florida (the "City"), to be owned and used by the Hospital and (ii) pay or reimburse the costs of the acquisition, renovation, construction and installation of certain health care facilities, including the construction of a five-story acute care hospital patient tower containing approximately 156,000 square feet, which provides space for 63 private patient rooms, including a 12-bed critical care unit, consolidated emergency services, patient billing services, radiology, nuclear medicine and cardiology imaging services; the renovation of approximately 35,000 square feet of the existing Flagler East Campus hospital building to expand areas used for the central power plant, laboratory, dietary and dining; the construction of a new obstetrics/women's in-patient unit on the Flagler East Campus; the acquisition and installation of equipment and furnishings related to the foregoing and to the Hospital's existing facilities; all located or to be located at 400 Health Park Boulevard, south of the city limits of the City, and to be owned and operated by the Hospital and (iii) paying the costs of issuance of the Prior Bonds.

SOURCES AND USES OF FUNDS

The schedule below describes the [estimated] sources and uses of funds resulting from the original issuance and sale of the Bonds are set forth below:

Sources	Bonds
Principal Amount of Bonds	\$
[Equity Contribution]	
[Amounts on Deposit with Prior Bonds Trustee]	
Total	\$
Uses	
Refunding Costs	\$
Issuance Costs ⁽¹⁾	
Total	\$

⁽¹⁾ Includes fees of the Issuer, certain fees and expenses of various legal counsel, the Bond Trustee, the Master Trustee, the Bank, the Remarketing Agent and rating agencies, and other costs of issuance.

[THE LETTER OF CREDIT]

The following summarizes certain provisions of the Letter of Credit. Reference is made to the Letter of Credit for the details and provisions thereof.

The Letter of Credit will be issued for the account of the Hospital for the benefit of the Bond Trustee. The Letter of Credit is an irrevocable obligation of the Bank to pay to the Bond Trustee, upon drawings by the Bond Trustee pursuant to the terms and conditions set forth in the Letter of Credit, up to (a) an amount equal to the outstanding principal amount of the Bonds to enable the Bond Trustee to pay (i) the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) the portion of the purchase price of Bonds tendered to it and not remarketed, plus (b) while the Bonds bear interest at the Weekly Rate or the Daily Rate, an amount equal to ___ days' accrued interest on the Bonds at the maximum rate of ___% per annum with interest calculated on the basis of a year of 365 days, for the number of days actually elapsed, (i) to enable the Bond Trustee to pay interest on the Bonds when due and (ii) to enable the Bond Trustee to pay the portion of the purchase price of the Bonds tendered to it and not remarketed corresponding to the accrued interest on the Bonds.

Pursuant to the Bond Indenture, the Bond Trustee is required to draw upon the Letter of Credit in the following circumstances:

- (a) to make timely payment of the principal of and interest on the Bonds;
- (b) to make timely payment of the redemption price of the Bonds called for mandatory or optional redemption; and
- (c) to make timely payment of the purchase price of the Bonds required to be purchased, as the result of a permitted or required tender, pursuant to the provisions of the Bond Indenture to the extent other funds are not available to make such payment under the Bond Indenture.

The Letter of Credit will terminate on _____, 20__, or such later date to which the Letter of Credit may be extended by the Bank in its sole discretion (the "Expiration Date") unless sooner

terminated as provided therein. The Expiration Date of the Letter of Credit may be extended beyond the Expiration Date then in effect only at the sole discretion of the Bank. The Bonds bearing interest at the Weekly Rate or the Daily Rate are subject to mandatory purchase in accordance with the Bond Indenture prior to any Expiration Date.

Each drawing honored by the Bank under the Letter of Credit shall immediately reduce the principal component, and/or the interest component (as the case may be) of the amount available under the Letter of Credit by the amount of such drawing, and the aggregate amount available under the Letter of Credit shall be correspondingly reduced. In the case of a reduction resulting from a drawing to pay interest on the Bonds, the interest component shall be reinstated automatically as of the Bank's opening of business, on the fifth calendar day following the date of such payment by an amount equal to the amount of such drawing for interest, unless the Bond Trustee shall have received notice from the Bank not later than the close of business on the fourth calendar day following the date of such payment that such reinstatement shall not occur because an event of default has occurred under the applicable Reimbursement Agreement. The interest component may otherwise be reinstated as the Bank may from time to time notify the Bond Trustee in writing.

The amount available under the Letter of Credit and the respective principal and interest components thereof shall also be reduced automatically following the payment of the principal of the Bonds pursuant to the Bond Indenture, upon receipt by the Bank from the Bond Trustee of a certificate in the form prescribed by the Letter of Credit, each such reduction to be in the amount necessary to reduce the amount available under the Letter of Credit and the principal and interest components thereof to the respective amounts specified by the Bond Trustee in such certificate.

[THE REIMBURSEMENT AGREEMENT]

The following summarizes certain provisions of the Reimbursement Agreement between the Bank and the Hospital, as Obligated Group Agent, pursuant to which the Letter of Credit is being issued with respect to the Bonds. Reference is made to the Reimbursement Agreement for the details of the provisions thereof.

Under the Reimbursement Agreement, the Bank agrees to issue the Letter of Credit to the Bond Trustee, and the Obligated Group agrees to reimburse the Bank, with interest, for each drawing under the Letter of Credit.

The Reimbursement Agreement sets forth various representations, warranties and covenants of the Obligated Group, including, without limitation, representations, warranties and covenants relating to maintenance of existence, compliance with laws, maintenance of insurance, compliance with the Loan Agreement and other contracts, maintenance of properties, reporting requirements and certain financial covenants.

The Reimbursement Agreement also defines certain events of default thereunder, including generally, without limitation, the failure to pay to the Bank any reimbursement or other sum due under the Reimbursement Agreement, the failure to comply with any covenant thereunder, the breach of a material representation or warranty, the occurrence of an event of default as defined in the Loan Agreement, the Bond Indenture or the Master Trust Indenture, an event of bankruptcy, and entry of a material judgment.

The Reimbursement Agreement provides that if an event of default has occurred and is continuing uncured thereunder, the Bank, among other things, may, with respect to the Bonds:

(a) notify the Bond Trustee of such event of default; direct the Bond Trustee to declare an event of default, as defined in the Bond Indenture, to call the Bonds for mandatory purchase or declare the principal of the Bonds, together with interest accrued thereon, immediately due and payable; direct the Trustee to draw on the Letter of Credit; and direct the Bond Trustee to exercise remedies under the Loan Agreement, the Bond Indenture and the Master Trust Indenture;

(b) declare the Obligated Group's obligations under the Reimbursement Agreement to be, whereupon the same shall become, immediately due and payable; and

(c) exercise, or cause to be exercised, any and all such remedies as it may have under the Reimbursement Agreement, the Bond Indenture, the Loan Agreement, the Master Indenture or any other document delivered in connection with the Bonds, or at law or in equity.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are special and limited obligations of the Issuer payable solely from loan repayments (the "Loan Repayments") required to be paid by the Hospital to the Issuer under the Loan Agreement, payments on the Series 2011 Master Note, and certain funds held under the Bond Indenture (other than the Rebate Fund and the Bond Purchase Fund). The Bonds and all other obligations of the Issuer under the Loan Agreement and the Bond Indenture and the transactions contemplated thereby shall not constitute an indebtedness of the Issuer, St. Johns County, Florida, the State of Florida or any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation. The Bonds and all other obligations of the Issuer under the Loan Agreement and the Bond Indenture and the transactions contemplated thereby shall not be a charge against the general credit or taxing power of St. Johns County, Florida, the State of Florida or any political subdivision thereof. The Bonds and all other obligations of the Issuer under the Loan Agreement and the Bond Indenture and the transactions contemplated thereby shall not give rise to a pecuniary liability of the Issuer, St. Johns County, Florida, the State of Florida or any political subdivision thereof. The Issuer has no taxing power.

Anything in the Bond Indenture or in the Bonds to the contrary notwithstanding (a) neither the Issuer, St. Johns County, Florida, the State of Florida or any political subdivision thereof shall ever be required to (i) levy any ad valorem taxes on any property within its territorial limits to pay the principal of, premium, if any, or interest on the Bonds or to make any other payments provided for under the Loan Agreement or the Bond Indenture, or (ii) pay the same from any funds other than those pledged therefor in accordance with the Bond Indenture or (iii) require or enforce any payment or performance by the Hospital as provided in the Bond Indenture or the Loan Agreement unless its expenses in respect thereof shall be available from any moneys derived under the Loan Agreement or the Series 2011 Master Note, or shall be advanced to it for such purpose and unless it shall receive indemnity to its satisfaction; and (b) the Bonds and all other obligations of the Issuer under the Loan Agreement and the Bond Indenture and the transactions contemplated thereby shall not constitute a lien upon any property owned by or situated within the territorial limits of the Issuer, St. Johns County, Florida, the State of Florida or any political subdivision thereof, except to the extent (if any) of the Issuer's rights in the Loan Agreement, the Series 2011 Master Note and the property rights, receipts, revenues and proceeds pledged under the Bond Indenture.

Pledge Under the Bond Indenture

The Bonds are special limited obligations of the Issuer and are payable solely from Revenues loan repayments (the "Loan Repayments") required to be paid by the Hospital to the Issuer under the Loan Agreement, payments on the Series 2011 Master Note, and certain funds held under the Bond Indenture (other than the Rebate Fund and the Bond Purchase Fund). In the Loan Agreement, the Hospital

agrees to make Loan Repayments to the Bond Trustee, as assignee of the Issuer, which, in the aggregate, are required to be in an amount sufficient for the payment in full of all amounts payable with respect to the Bonds, including the principal amount of and total interest payable and redemption premium, if any, on the Bonds, whether due at maturity, by declaration of acceleration or otherwise, and certain fees and expenses (consisting generally of the annual fees and charges of the Bond Trustee, fees and expenses of such consultants as may be engaged by the Issuer or the Bond Trustee to provide services required under the Bond Indenture or the Loan Agreement, and any other fees and expenses of the Issuer associated with the Bonds), less any amounts available for such payment as provided in the Bond Indenture.

Pursuant to the Bond Indenture, all amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Bond Indenture (other than the Rebate Fund and the Bond Purchase Fund) are pledged to secure payment of the principal of, premium, if any, and interest on the Bonds. Also pursuant to the Bond Indenture, the Issuer will grant a security interest in and assign to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, any amounts (including the proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Bond Indenture (other than the Rebate Fund and the Bond Purchase Fund) and all of the right, title and interest of the Issuer in the Loan Agreement (except for the right to receive any Administrative Fees and Expenses to the extent payable to the Issuer, the right to be indemnified by the Hospital pursuant to the Loan Agreement and the obligation of the Hospital to make deposits pursuant to the Tax Agreement) and the Series 2011 Master Note.

The Loan Agreement

Pursuant to the Loan Agreement, the Hospital agreed, among other things, to make loan payments to the Issuer in such amounts and at such times as will be sufficient to pay, when due, the principal of, premium, if any, and interest on the Bonds and all other amounts due under the Loan Agreement. See APPENDIX C – “SUMMARY OF PRINCIPAL DOCUMENTS” hereto for a further description of these covenants. The other Members of the Obligated Group agree under the Master Indenture to be bound by these covenants.

The Series 2011 Master Note

To secure the Hospital's obligations under the Loan Agreement, the Hospital issued and delivered the Series 2011 Master Note pursuant to the Master Indenture in the aggregate principal amount of \$ _____ to the Issuer for assignment to the Bond Trustee pursuant to the Bond Indenture. The Series 2011 Master Note will be payable in the same amounts and at the same times as the loan payments are due under the Loan Agreement, and such payments on the Series 2011 Master Note will constitute payment under the Loan Agreement. Pursuant to the Master Indenture, all of the Members of the Obligated Group shall be jointly and severally liable for the indebtedness evidenced by the Series 2011 Master Note.

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 APPENDIX C - “SUMMARY OF PRINCIPAL DOCUMENTS” 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. At the present time the Obligated Group does not intend to add any other members to the Obligated Group.

Notes. The Master Indenture permits the Hospital and other members of the Obligated Group to issue Master Notes in addition to the Series 2011 Master Note, Master Note, Series 2010A, Master Note, Series 2010B, and to secure all Notes on a parity with one another. THE SERIES 2011 MASTER NOTE IS SECURED ON A PARITY WITH MASTER NOTE, SERIES 2010A and MASTER NOTE, SERIES 2010B, TO THE EXTENT OUTSTANDING, AND WITH ANY MASTER NOTES SUBSEQUENTLY ISSUED PURSUANT TO THE MASTER INDENTURE BY A SECURITY INTEREST IN THE PLEDGED ASSETS AS DESCRIBED BELOW. All members of the Obligated Group covenant to jointly and severally guarantee payment of each Note issued under the Master Indenture.

Assets Pledged. “Pledged Assets” are defined in the Master Indenture to include (a) the Gross Revenues of the members of the Obligated Group, (b) all other funds held under the Master Indenture, together with any amounts and investments, if any, on deposit in such funds from time to time and all investment income thereon, (c) 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 Bonds, and (d) all proceeds of the foregoing. The Hospital and each member of the Obligated Group have granted to the Master Trustee a security interest in such Pledged Assets. The Hospital has covenanted, and pursuant to the provisions of the Master Indenture each other member of the Obligated Group has covenanted, not to create any Liens upon the Pledged Assets, now owned or hereafter acquired by it, other than Permitted Liens.

The Mortgage

The Notes are secured by a Mortgage on the Hospital’s main campus pursuant to a Mortgage and Security Agreement dated as of December 1, 2003, as supplemented by the First Supplement to Mortgage and Security Agreement dated as of May 1, 2009 (collectively, the “Mortgage”), each from the Hospital to the Master Trustee. The Hospital has also covenanted pursuant to the provisions of the Master Indenture, not to sell, lease or otherwise dispose of any Property, including the Facilities except under the circumstances set forth in the Master Indenture. The Hospital and the Obligated Group have also covenanted pursuant to the provisions of the Master Indenture not to create any lien upon the Pledged Assets or on the Property, including the Facilities now owned or hereafter acquired by it, other than Permitted Liens. See APPENDIX C - “SUMMARY OF PRINCIPAL DOCUMENTS” hereto.

[Financial Covenants]

[Liquidity Facility and Credit Facility]

The Letter of Credit constitutes a “Liquidity Facility” and a “Credit Facility” under the Bond Indenture. The Letter of Credit will expire _____, _____, prior to the scheduled date of maturity of the Bonds, unless extended for additional periods by mutual agreement of the Bank and the Hospital. Upon any redemption, whether optional or mandatory, or payment of all or any portion of the principal amount of the Bonds of either Series or the conversion of any such Bonds to Commercial Paper Rates or a Term Rate, the Bank’s Commitment under the Letter of Credit shall be reduced by the principal amount of such Bonds so redeemed, paid or converted on or after the date of such event.

The Hospital may cancel or terminate a Liquidity Facility then in effect or may permit a Liquidity Facility then in effect to expire on its expiration date, without providing an Alternate Liquidity Facility, if, prior to the expiration or termination of a Liquidity Facility then in effect, there is delivered to the Issuer, the Bond Trustee and the Tender Agent written evidence from each Rating Agency then maintaining a rating on the affected Series of Bonds that the rating on such Series of Bonds following the expiration or

termination of the Liquidity Facility will not be withdrawn or reduced from the rating on such Series of Bonds immediately prior to such expiration or termination. In addition, the Hospital may cancel or terminate a Credit Facility then in effect or may permit a Credit Facility then in effect to expire on its expiration date, without providing an Alternate Credit Facility, if, prior to the expiration or termination of a Credit Facility then in effect, there is delivered to the Issuer, the Bond Trustee and the Tender Agent a Favorable Opinion of Bond Counsel stating that the cancellation or termination of the Alternate Credit Facility is authorized under the Bond Indenture and complies with the terms thereof and will not, in and of itself, adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the affected Series of Bonds. Upon satisfaction of the aforementioned requirements, (i) the Tender Agent, upon receipt of a Request of the Hospital, shall send appropriate notice to the Liquidity Facility Provider or the Credit Facility Provider, as appropriate, requesting or directing the cancellation of the Liquidity Facility or the Credit Facility, as appropriate, then in effect on the date requested by the Hospital in such Request, which date may not be less than 30 days (or such longer period as is required by the Liquidity Facility or the Credit Facility, as appropriate, for its termination at the request of the Hospital) from the date the Tender Agent receives such Request, (ii) all Bonds of the affected Series will be subject to mandatory tender for purchase, as described herein under the caption "THE BONDS—Tender of Bonds—Mandatory Tender for Purchase Upon Termination, Expiration, Substitution or Cancellation of Liquidity Facility or Credit Facility," and (iii) all Bonds of the affected Series thereafter may be remarketed by the Remarketing Agent pursuant to the related remarketing agreement without the benefit of a Liquidity Facility or a Credit Facility.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the Bond Indenture for all of the provisions relating to the Bonds. The discussion herein is qualified by such reference.

This Remarketing Circular describes certain terms of the Bonds applicable while the Bonds bear interest at a Weekly Rate or a Daily Rate. There are significant changes in the terms of the Bonds while the Bonds are in another Interest Rate Mode. This Remarketing Circular is not intended to provide information with respect to the Bonds in any Interest Rate Mode, other than the Weekly Rate or the Daily Rate, or if the Bonds are no longer secured by the Letter of Credit.

Description of the Bonds

The Bonds are being issued pursuant to the Bond Indenture in the aggregate principal amount set forth on the cover of this Remarketing Circular. Under the Bond Indenture, the Bonds are variable rate bonds that are authorized to bear interest at a Daily Rate, a Weekly Rate, Bank Loan Rates, Commercial Paper Rates or a Term Rate. All Bonds of a Series will operate in the same Interest Rate Mode at any given time. The Bonds will bear interest at a _____ Rate for a _____ Period. Thereafter, the Bonds of may be converted to a different Interest Rate Mode. The Bonds will be delivered in fully registered form without coupons. The Bonds will be dated the date of original date of issuance and will be payable as to principal, subject to the redemption provisions set forth herein, on the date and in the amount as set forth on the cover of this Remarketing Circular. The Bonds will be transferable and exchangeable as set forth in the Bond Indenture and, when issued, Bonds bearing interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate will be registered in the name of Cede & Co., as nominee of DTC and DTC will act as securities depository for the Bonds. While in a Daily Rate Period or a Weekly Rate Period, ownership interests in the Bonds may be purchased in book-entry form only, in denominations of \$100,000 and \$5,000 multiples in excess thereof. See "BOOK-ENTRY ONLY SYSTEM."

Interest payments on a Bond (other than with respect to defaulted interest) shall be made on each Interest Payment Date to the Holder thereof appearing on the registration books maintained by the Bond Trustee as of the close of business on the Record Date for such Interest Payment Date; provided, however, that during a Commercial Paper Rate Period, such payments shall be payable only upon presentation and surrender of such Bond to the Tender Agent. Interest on Bonds shall, except as hereinafter provided, be paid (a) by check mailed on the Interest Payment Date to such Holder at the address of such Holder as it appears on the registration books of the Bond Trustee or at such other address furnished in writing by such Holder to the Bond Trustee prior to the Record Date or (b) to any Holder of \$1,000,000 or more in aggregate principal amount of a Bonds (or, during a Bank Loan Rate Period, to the Bank Loan Rate Holder without regard to aggregate principal amount) as of the close of business of the Bond Trustee on the Record Date for a particular Interest Payment Date, by wire transfer sent on the Interest Payment Date, to such Holder to an account within the United States of America as specified in writing by such Holder to the Bond Trustee prior to the Record Date. Except as provided below, the principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the Designated Office of the Bond Trustee upon presentation thereof at the corporate trust office of the Bond Trustee; provided that no such presentation shall be required in connection with any mandatory redemption in part of Bonds bearing interest at the Bank Loan Rate from Sinking Fund Installments pursuant to the Bond Indenture. So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds are payable by wire transfer by the Bond Trustee to Cede & Co., as nominee for DTC, which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX E – “BOOK-ENTRY SYSTEM.” During any Bank Loan Rate Period, all payments of principal of the Bonds shall be paid by wire transfer, provided that the Bank Loan Rate Holder has given the Bond Trustee five (5) days’ prior written notice of the wire transfer address (which shall be in the continental United States to which the Bank Loan Rate Holder wishes to have such wire directed

Interest on the Bonds

Bank Loan LIBOR Rate Period. During each Bank Loan LIBOR Rate Period, the Bond shall bear interest at the Bank Loan LIBOR Rate calculated by the Bank Loan LIBOR Rate Holder for the period from and including the first Business Day of each calendar month to and including the day preceding the first Business Day of the following calendar month on or before the tenth (10th) Business Day of each month and promptly upon any adjustment thereof prior to the next Interest Payment Date; provided, however, that failure to provide such notice shall not relieve the Hospital of its obligation to pay such interest, but shall extend the Interest Payment Date until such calculation is provided. Interest on Bonds during a Bank Loan LIBOR Rate Period shall be calculated on the basis of a 360 day year for the actual number of days elapsed. The determination of the Bank Loan LIBOR Rate by the Bank Loan LIBOR Rate Holder shall be conclusive and binding upon the Hospital and the Bond Trustee. If during any Bank Loan LIBOR Rate Period while the Bank Loan LIBOR Rate Holder is a commercial bank, a change in law or regulations, or interpretation thereof by any applicable federal or state banking regulator, makes it impermissible for the Bank Loan LIBOR Rate Holder to maintain LIBOR-based loans, then effective on the first day of the first Calculation Period commencing at least ten Business Days after receipt by the Bond Trustee of notice from the Bank Loan LIBOR Rate Holder (which notice shall also be sent to the Issuer and the Borrower), the interest rate on the Bonds shall be [Rate].

Bank Loan Fixed Rate Period. During each Bank Loan Fixed Rate Period, the Bond shall bear interest at the Bank Loan Fixed Rate, as agreed to by the Obligated Group and the Purchaser of the Bonds during a Bank Loan Fixed Rate Period.

Weekly Rate Period. While the Bonds are in a Weekly Rate Period, the Bonds will bear interest at a Weekly Rate, which will be determined by the applicable Remarketing Agent no later than

10:00 a.m., New York City time, on each Thursday, or if such day is not a Business Day, then on the next preceding Business Day. The first Weekly Rate will be determined by the Remarketing Agent [prior to the Conversion Date and will apply to the period commencing on the Conversion Date] and ending on the next succeeding Wednesday (whether or not a Business Day). Thereafter, each Weekly Rate will apply to the period commencing on the first Thursday on or after the date of determination thereof (whether or not a Business Day) and ending on the next succeeding Wednesday (whether or not a Business Day), unless such Weekly Rate Period ends on a day prior to the next succeeding Wednesday, in which event the last Weekly Rate will apply to the period commencing on the Thursday (whether or not a Business Day) preceding the last day of such Weekly Rate Period and ending on the last day of such Weekly Rate Period.

Interest on the Bonds in a Weekly Rate Period will be computed on the basis of a 365- or 366-day year for the actual number of days elapsed. The Weekly Interest Rate for the Bonds will be the rate of interest per annum determined by the applicable Remarketing Agent to be the minimum interest rate which, if borne by the Bonds under Prevailing Market Conditions, would enable such Remarketing Agent to sell Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the applicable Remarketing Agent fails to establish a Weekly Rate for any week [or such rate is held to be unenforceable by a court of law], then the Weekly Rate for such week will be equal to ___% of the LIBOR Index until the applicable Remarketing Agent determines the Weekly Rate as required under the Bond Indenture. In any case, the Weekly Rate will not exceed the lesser of 12% per annum or the maximum interest rate permitted by law (the "Maximum Interest Rate").

Daily Rate Period. While the Bonds are in a Daily Rate Period, the Bonds shall bear interest at a Daily Rate, which shall be determined by the applicable Remarketing Agent no later than 10:30 a.m. (New York City time) on each Business Day. Interest on the Bonds in a Daily Rate Period will be computed on the basis of a 365- or 366-day year for the actual number of days elapsed and will be payable on the first Business Day of each calendar month occurring after any Conversion Date with respect thereto. The Daily Rate for the Bonds shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by the Bonds under Prevailing Market Conditions, would enable such Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Daily Rate for Bonds for any Business Day or such rate is held to be unenforceable by a court of law, then the Daily Rate for such Bonds for such Business Day shall be equal to ___% of the LIBOR Index until the Remarketing Agent determines the Daily Rate as required under the Bond Indenture. In any case, the Daily Rate will not exceed the Maximum Interest Rate.

Commercial Rate Period. During each Commercial Paper Rate Period, each Bond shall bear interest during each Commercial Paper Rate Period for such Bond at the Commercial Paper Rate for such Bond. Interest on Bonds during a Bank Loan LIBOR Rate Period shall be calculated on the basis of a 360 day year for the actual number of days elapsed. The Commercial Paper Rate Period and the Commercial Paper Rate for each Bond need not be the same for any two Bonds, even if determined on the same date. Each of such Commercial Paper Rate Periods and Commercial Paper Rates for each Bond shall be determined by the Remarketing Agent no later than the first day of each Commercial Paper Rate Period. Each Commercial Paper Rate Period for each Bond shall be a period of not more than 270 days, provided, however, that if a Liquidity Facility is in effect for such Bonds, no Commercial Paper Rate Period for such Bonds shall extend to a date later than the Business Day preceding the Expiration Date. Each Commercial Paper Rate shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date.

The Commercial Paper Rate for each Bond in a Commercial Paper Rate Period shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if

borne by such Bond, would enable the Remarketing Agent to sell such Bond on the effective date of such rate at a price (without regarding accrued interest) equal to the principal amount thereof; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate. If, for any reason, a Commercial Paper Rate for any Bond in a Commercial Paper Rate Period is not so established by the Remarketing Agent for any Commercial Paper Rate Period, or if such Commercial Paper Rate is determined by a court of law to be invalid or unenforceable, then the Commercial Paper Rate for such Commercial Paper Rate Period shall be the rate per annum equal to ___% of the LIBOR Index until the Remarketing Agent determines the Commercial Paper Rate as required hereunder.

Term Rate Period. While the Bonds are in a Term Rate Period, the Bonds shall bear interest at the Term Rate. The Term Rate shall be determined by the Remarketing Agent at least one Business Day prior to the Term Conversion Date. Subject to the provisions Bond Indenture, the Term Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by Bonds of such Series, would enable the Remarketing Agent to sell Bonds under Prevailing Market Conditions at a price (without regarding accrued interest) equal to the principal amount thereof; provided, however, that at no time shall any Bonds bear interest at a rate higher than the Maximum Interest Rate. Interest on Bonds during a Term Rate Period shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Converting Interest Periods

The Hospital may elect to convert the Bonds to another Interest Rate Mode (a "Conversion") by providing written notice of its election to the Bond Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any) and, in the case of a Conversion from a Bank Loan Rate Period, the Bank Loan Rate Holder. Such Conversion will be effective on a Business Day not earlier than the 15th day following the second Business Day after receipt of such notice by the Bond Trustee and, in the case of a Conversion from the Weekly Rate Period to the Commercial Paper Rate Period, the day immediately following the last day of the Weekly Rate Period, and, in the case of a conversion from a Daily Rate Period or a Weekly Rate Period to the Bank Loan Rate Period, the date immediately following an Interest Period during the Daily Rate Period or the Weekly Rate Period, respectively (each, a "Conversion Date"). Upon such Conversion, the Bonds will accrue interest at a Weekly Rate, a Daily Rate, Bank Loan Rates, Commercial Paper Rates or a Term Rate, as the case may be. The Bond Trustee shall provide notice as specified in the Bond Indenture of such Conversion to the Holders of the Bonds proposed to be converted not less than 15 days prior to the proposed Conversion Date. In connection with any Conversion, the Hospital shall cause an opinion of Bond Counsel to be provided to the Bond Trustee to the effect that as of the effective Conversion Date, the Bonds meet one of the criteria set forth in Section 159.4085, Florida Statutes, as amended. In addition, in connection with any Conversion of the Interest Rate Mode on the Bonds to a Term Rate, the Hospital shall cause a Favorable Opinion to be provided to the Issuer and the Bond Trustee on the effective Conversion Date. The Bonds will be subject to mandatory tender for purchase on such Conversion Date, subject to the terms of the Bond Indenture. If any condition of Conversion described under the Bond Indenture is not satisfied the Interest Rate Mode shall not be converted and the Bonds will continue to bear interest at the Daily Rate, the Weekly Rate, Commercial Paper Rate, Term Rate or Bank Loan Rate, as the case may be, as in effect immediately prior to such proposed Conversion in the Interest Rate Mode. If notice of such Conversion has been mailed to the holders and any condition to Conversion has not been met, the Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective Conversion Date.

The Hospital may cancel its election to convert the Bonds to another Interest Rate Mode on any date prior to the date on which notice of such Conversion has been mailed to the Holders, by delivering a notice to that effect to the Bond Trustee, the Tender Agent and the Remarketing Agent. If the Hospital

cancels its election to convert the Bonds, then the Bonds will remain in the Weekly Rate Period or the Daily Rate Period, as applicable.

Tender of Bonds

Optional Tender. During any Weekly Rate Period, any Bond, other than Bank Bonds or Bonds owned by, for the account of, or on behalf of, the Issuer, any Member or any Affiliate of any Member (an "Eligible Bond"), shall be purchased from its Holder at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, payable in immediately available funds, upon delivery to the Tender Agent at its Designated Office for delivery of notices of an irrevocable written notice which states the Bond, the principal amount and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. For payment of such Purchase Price on the date specified in such notice, such Bond must be delivered, at or prior to 10:00 a.m., New York City time, on the date specified in such notice, to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

During any Daily Rate Period, any Eligible Bond shall be purchased from its Holder at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount thereof, plus accrued interest (if any) payable in immediately available funds, upon delivery to the Tender Agent not later than 10:00 a.m., New York City time, at its Designated Office for delivery of notices, of an irrevocable written notice which states the Bond, the principal amount and the Purchase Date. Any notice delivered to the Tender Agent after 10:00 a.m., New York City time, shall be deemed to have been received on the next succeeding Business Day. For payment of such Purchase Price on the date specified in such notice, the Holder must deliver the Bonds, at or prior to 1:00 p.m., New York City time, on the date specified in such notice (or, if applicable, the date such notice was deemed to be received) to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Mandatory Tender for Purchase on Each Conversion Date. Eligible Bonds are subject to mandatory tender for purchase on each Conversion Date or on the day which would have been the Conversion Date for such Bonds in the event that one of the conditions precedent to the conversion to a new Interest Rate Mode shall not be met as described in the Bond Indenture at the Purchase Price, payable in immediately available funds, equal to the principal amount of such Bonds, plus accrued interest (if any) to the date of purchase. The Purchase Price of any Bond so purchased shall be payable on or prior to 2:00 p.m., New York City time, on the date specified for such delivery, but only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Mandatory Tender for Purchase Upon Termination, Expiration, Substitution or Cancellation of Liquidity Facility or Credit Facility. Eligible Bonds shall be subject to mandatory tender for purchase on each Bank Default Tender Date, Alternate Liquidity Facility Purchase Date and Alternate Credit Facility Purchase Date provided in connection with such Bonds, and on the second Business Day

preceding each Cancellation Date, Noticed Termination Date or Expiration Date at a Purchase Price, payable in immediately available funds, equal to the principal amount, plus accrued interest (if any). The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program, at or prior to 10:00 a.m., New York City time, on the date specified for such delivery in a notice provided to Holders of the affected Bonds by the Bond Trustee.

Mandatory Tender for Purchase On Day Next Succeeding the Last Day of Each Commercial Paper Rate Period. On the day next succeeding the last day of each Commercial Paper Rate Period for an Eligible Bond bearing interest at a Commercial Paper Rate, unless such day is a Conversion Date for the Bonds (in which event such Bond shall be subject to mandatory purchase), such Bond shall be purchased from its Holder at the Purchase Price payable in immediately available funds, if such Bond is delivered to the Tender Agent at or prior to 10:00 a.m., New York City time, on such day, or if delivered after 10:00 a.m., New York City time, on the next succeeding Business Day. The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guaranty program.

Notice of Mandatory Tender. At least 10 days prior to each Expiration Date and each proposed Cancellation Date, the Bond Trustee shall give notice by first-class mail to the Holders of Eligible Bonds of the scheduled Expiration Date or proposed Cancellation Date, as the case may be, and the proposed Purchase Date for such Bonds, which Purchase Date shall be not later than two Business Days prior to the Expiration Date or proposed Cancellation Date. At least 10 days prior to a proposed Alternate Liquidity Facility Purchase Date or Alternate Credit Facility Purchase Date, the Bond Trustee shall give notice by first-class mail to the Holders of Eligible Bonds of the proposed delivery of an Alternate Liquidity Facility or Alternate Credit Facility and the proposed Alternate Liquidity Facility Purchase Date or Alternate Credit Facility Purchase Date for such Bonds. Promptly upon the receipt of notice of the proposed Noticed Termination Date from the applicable Liquidity Facility Provider, but in no event more than two Business Days after receipt of such notice, the Tender Agent shall give notice by first-class mail to the Holders of Eligible Bonds of the Noticed Termination Date and the applicable Liquidity Facility Provider's obligation to purchase such Eligible Bonds on a Business Day which is not more than five Business Days after the Tender Agent receives notice of the proposed Noticed Termination Date from the applicable Liquidity Facility Provider but in no event later than five days [two Business Days?] prior to the Noticed Termination Date. Promptly upon the receipt of notice of the proposed Bank Default Tender Date from the applicable Credit Facility Provider, but in no event more than two Business Days after receipt of such notice, the Tender Agent shall give notice by first-class mail to the Holders of all Eligible Bonds of the Bank Default Tender Date and the applicable Credit Facility Provider's obligation to purchase such Eligible Bonds on such Bank Default Tender Date.

In connection with any mandatory tender of Bonds, in the event that a Securities Depository is utilized as provided in the Bond Indenture, the provisions of such Securities Depository relating to the delivery of Bonds shall apply and no physical delivery of such Bonds shall be required. In the event that the use of a Securities Depository is discontinued, the Tender Agent shall give notice of such mandatory tender to the Holders of such Bonds, not less than 15 days prior to the Purchase Date.

Any notice of a mandatory tender shall state: (1) that all Bonds so subject to mandatory tender for purchase shall be purchased on the Purchase Date which shall be explicitly stated; (2) that the Purchase Price of any Bond so subject to mandatory tender for purchase shall be payable only upon surrender of such Bond to the Tender Agent at its Designated Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by a [commercial bank, trust company or member firm of the New York Stock Exchange]; and (3) that in the event that any Holder of a Bond so subject to mandatory tender for purchase shall not surrender such Bond to the Tender Agent for purchase on such Purchase Date, then such Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such Purchase Date and that the Holder thereof shall have no rights under this Bond Indenture other than to receive payment of the Purchase Price thereof. The Bond Trustee shall send a copy of the foregoing notice to the Issuer, the Hospital, the Remarketing Agent, the Credit Facility Provider and the Liquidity Facility Provider. Upon receipt of the aforementioned notice, all Holders of Outstanding Eligible Bonds shall be required to tender their Bonds to the Tender Agent for purchase on such Purchase Date. Any Eligible Bond so delivered shall be purchased by the Tender Agent at a Purchase Price equal to the principal amount thereof plus accrued interest to the Purchase Date (unless such Purchase Date is an Interest Payment Date, in which case the Purchase Price will be the principal amount of such Bond).

Effect of Election to Tender or Mandatory Tender for Purchase of Bonds. The giving of notice by a Holder of a Bond that such Holder elects to have such Bond purchased during a Weekly Rate Period or a Daily Rate Period shall constitute the irrevocable tender for purchase of such Bond with respect to which such notice shall have been given, regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant Purchase Date. The Tender Agent may refuse to accept delivery of any Bond for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Bond as herein described. The Tender Agent for the Bonds shall determine timely and proper delivery of any Bond and the proper endorsement of such Bond. Such determination shall be binding on the Holder of such Bond, absent manifest error.

In the event that any Holder of a Bond that gave notice of tender for purchase or any Holder of a Bond subject to mandatory tender fails to deliver such Bond to the Tender Agent at the place and on the applicable date and time specified, or fails to deliver such Bond properly endorsed, such Bond shall constitute an "Undelivered Bond." If funds in the amount of the Purchase Price of any Undelivered Bond are available for payment to the Holder thereof on the date and at the time specified, then from and after the date and time of that required delivery, (i) such Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Bond Indenture; (ii) interest shall no longer accrue thereon; and (iii) funds in the amount of the Purchase Price of the Undelivered Bond shall be held by the Tender Agent for the benefit of the Holder thereof, to be paid upon delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Designated Office. Any such funds held by the Tender Agent for the purchase of Undelivered Bonds shall be held uninvested.

Payment of Purchase Price. Moneys delivered to the Tender Agent on a Purchase Date with respect to the Bonds shall be applied at or before 2:30 p.m., New York City time, on such Purchase Date to pay the Purchase Price of Purchased Bonds in immediately available funds as follows, in the indicated order of application and, to the extent not so applied on such date, shall be held in separate and segregated accounts of the Bond Purchase Fund for the benefit of the Holders of the Purchased Bonds which were to have been purchased:

FIRST: Moneys derived from the remarketing of tendered Bonds and deposited in the Remarketing Proceeds Account;

SECOND: Moneys drawn under the Liquidity Facility, including the Letter of Credit, and deposited in the applicable Liquidity Facility Account; and

THIRD: Moneys provided by the Hospital and deposited in the Corporation Purchase Account.

Any moneys held by the Tender Agent in the Corporation Purchase Account remaining unclaimed by the Holders of the Purchased Bonds which were to have been purchased for two years after the respective Purchase Date for such Bonds shall be paid, upon the written request of the Hospital, to the Hospital against written receipt therefor. The Holders of Purchased Bonds who have not yet claimed money in respect of such Bonds shall thereafter be entitled to look only to the Hospital, to the extent moneys have been transferred to it as described above.

Inadequate Funds for Tenders. If sufficient funds are not available for the purchase of all Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, the failure to pay the Purchase Price of all tendered Bonds when due and payable shall constitute an Event of Default and all tendered Bonds shall be returned by the Tender Agent to their respective Holders and such Bonds shall bear interest at the Maximum Interest Rate from the date of such failed purchase until all such Bonds are purchased as required in accordance with the Bond Indenture. Any moneys deposited with the Remarketing Agent or transferred to the Tender Agent with respect to such failed remarketing shall be returned to the party depositing those moneys. Thereafter, the Bond Trustee shall continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Liquidity Facility Provider, the Credit Facility Provider or the Hospital to effect a subsequent successful remarketing of any tendered Bonds.

Tenders of Bonds Are Subject to DTC Procedures. As long as the book-entry only system is in effect with respect to the Bonds, all tenders for purchase and deliveries of the Bonds tendered for purchase or subject to mandatory tender under the provisions of the Bond Indenture shall be made pursuant to DTC's procedures as in effect from time to time, and none of the Issuer, the Hospital, the Bond Trustee or the Remarketing Agent shall have any responsibility for or liability with respect to the implementation of such procedures. For a description of the tender procedures through DTC, see APPENDIX E – "BOOK-ENTRY SYSTEM" hereto.

[Special Consideration Relating to the Bonds—Primarily Applicable to Weekly, Daily, Commercial Paper]

Remarketing Agent is Paid by the Hospital. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable Remarketing Agreement), all as further described in this Remarketing Circular. The Remarketing Agent is appointed by the Hospital and is paid by the Hospital for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. Each Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquires such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales

may be at or below par. However, the Remarketing Agent is not required to make a market in any of the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by either Remarketing Agent may create the appearance that there is greater third-party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on the date on which such interest rate determination is made. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the applicable Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on the date on which such interest rate determination is made, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the date on which an interest rate determination is made, at a discount to par to some investors.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May Resign Without a Successor Being Named. Under certain circumstances the Remarketing Agent may resign, upon 60 days' prior written notice, without a successor having been named, subject to the terms of the Bond Indenture.

Redemption

Optional Redemption. While a Daily Rate or a Weekly Rate is in effect, the Bonds are subject to redemption prior to their stated maturity at the option of the Issuer (which option shall be exercised upon the request of the Hospital given to the Bond Trustee (unless waived by the Bond Trustee) at least 25 days prior to the date fixed for redemption) in whole or in part (in such amounts as may be designated by the Hospital) on any date at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium, but only with Available Moneys (as defined in the Bond Indenture) at any time at which there is a Credit Facility in effect with respect to such Bonds.

While any Term Rate is in effect, the Bonds are subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon Request of the Hospital given to the Bond Trustee (unless waived by the Bond Trustee) at least 45 days prior to the date fixed for redemption), (i) in whole or in part on any Term Conversion Date at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium and (ii) in whole or in part on any date, in such amounts as may be designated by the

Hospital and by lot among Bonds with the same maturity, at the Redemption Prices set forth below, plus accrued interest to the date fixed for redemption, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

<u>LENGTH OF TERM RATE PERIOD</u>	<u>COMMENCEMENT OF REDEMPTION PERIOD</u>	<u>REDEMPTION PRICE</u>
Less than 6 years and greater than or equal to 5 years	Third anniversary of the commencement of Term Rate Period	100% or such alternate redemption price up to a maximum of 101% ("Alternate Redemption Price") provided that a Favorable Opinion of Bond Counsel is delivered with respect to the establishment of such Alternate Redemption Price
Less than 5 years	Bonds not subject to optional redemption pursuant to this subsection	

The above table may be amended prior to the establishment of a particular Long-Term Interest Rate Period upon delivery of a Favorable Opinion of Bond Counsel.

While any Bank Loan LIBOR Rate is in effect, the Bonds are also subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon Request of the Hospital given to the Bond Trustee at least 15 days prior to the date fixed for redemption), in whole or in part by lot among Bonds with the same maturity), on the first day of a Bank Loan LIBOR Rate Determination Date at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

While any Commercial Paper Rate is in effect, the Bonds are also subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised upon Request of the Hospital given to the Bond Trustee at least 25 days prior to the date fixed for redemption), in whole or in part by lot among Bonds of the same Series with the same maturity), on the day succeeding the last day of the Commercial Paper Rate Period for Bonds at a Redemption Price equal to the principal amount of Bonds of such Series called for redemption, plus accrued interest to the date fixed for redemption, without premium, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to such Bonds.

Extraordinary Optional Redemption. The Bonds are subject to redemption prior to their stated maturity, at the option of the Issuer upon the request of the Hospital, in whole or in part, in such amounts as may be designated by the Hospital, on any date, from hazard insurance or condemnation proceeds received with respect to the facilities of any of the Members and deposited in the Special Redemption Account (as defined in the Bond Indenture), at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, but only with Available Moneys at any time at which there is a Credit Facility in effect with respect to the Bonds.

Mandatory Redemption. During the _____ Rate Period effective , the Bonds are also subject to redemption prior to their stated maturity in part, by lot, from Sinking Fund Installments, on any _____, on or after _____, 20__, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, as follows:

Redemption Date	Sinking Fund
(_____)	Installment

[†] Final maturity.

Notice of Redemption and Effect of Redemption. Notice of redemption will be mailed by first class mail by the Bond Trustee, not less than 10 days prior to the redemption date, to the Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Bond Trustee. Each notice of redemption shall state the date of such notice, the date of issuance of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee), the CUSIP number, if any, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each notice shall also state that redemption is conditioned upon receipt by the Bond Trustee of sufficient funds on the redemption date (which shall be Available Moneys if required by the Bond Indenture) to pay the Redemption Price of the Bonds to be redeemed. The failure by the Bond Trustee to mail notice of redemption to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for the redemption of the Bonds with respect to the Holder or Holders to whom such notice was mailed.

Notice of redemption having been given in accordance with the Bond Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, the Bonds so called for redemption shall become due and payable at the Redemption Price (and accrued interest) specified in such notice, interest on such Bonds shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Bond Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment.

Rescission of Notice of Redemption. Any notice of optional redemption may be rescinded by written notice given to the Bond Trustee by the Hospital no later than five Business Days prior to the date specified for redemption. The Bond Trustee shall give notice of such rescission as soon thereafter as practicable in the same manner, and to the same persons, as notice of such redemption was given.

Selection of Bonds for Redemption. Whenever provision is made in the Bond Indenture for the redemption of less than all of the Bonds of any Series, the Bond Trustee shall select the Bonds of such Series to be redeemed, from all Bonds of such Series subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner and at such time which the Bond Trustee in its

sole discretion shall deem appropriate and fair; provided, however, that Bank Bonds shall be redeemed prior to any other Bonds.

Mandatory Purchase in Lieu of Redemption. Each Holder, by purchase and acceptance of any Bond, irrevocably grants to the Hospital the option to purchase such Bond at any time such Bond is subject to optional redemption at a purchase price equal to the Redemption Price then applicable to such Bond plus accrued interest thereon to the date of purchase. In order to exercise such option, the Hospital shall deliver to the Bond Trustee a Favorable Opinion of Bond Counsel and shall direct the Bond Trustee to provide notice of such mandatory purchase on the same terms as the notice provided in the event of redemption set forth under the caption “THE BONDS—Redemption—Notice of Redemption and Effect of Redemption.” On the date fixed for purchase of any such Bond, the Hospital shall pay the purchase price of such Bond to the Bond Trustee in immediately available funds and the Bond Trustee shall pay the same to the Holders of the Bonds being purchased. Following such purchase, the Bond Trustee shall register such Bonds in accordance with the written instructions of the Hospital. No purchase of any Bond in lieu of redemption shall operate to extinguish the indebtedness evidenced by such Bond. No Holder may elect to retain a Bond subject to such mandatory purchase in lieu of redemption. In the event the Hospital lacks sufficient funds to pay the purchase price of any Bond subject to mandatory purchase in lieu of redemption on the date fixed for such purchase, the mandatory purchase in lieu of redemption will be cancelled and such Bond will be returned to the Holder who tendered such Bond for mandatory purchase in lieu of redemption.

Transfers and Exchanges

If use of the book-entry only system is discontinued with respect to the Bonds, the Bonds may be transferred or exchanged for one or more Bonds and for a like aggregate principal amount. Upon surrender of any Bonds to be transferred or exchanged, the Bond Trustee shall record the transfer or exchange in the registration books and shall authenticate and deliver new Bonds appropriately registered and in appropriate Authorized Denominations. The Bond Trustee shall require the registered owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange, and the Bond Trustee may also require the registered owner requesting such transfer or exchange to pay a reasonable sum to cover expenses incurred by the Bond Trustee or the Issuer in connection with such transfer or exchange. Neither the Issuer nor the Bond Trustee is required to make any such transfer or exchange of Bonds during the 15 days next preceding the date on which notice of redemption of such Bonds is given or after such Bonds (or portions of such Bonds) have been selected for redemption. No transfer or exchange made other than as described above and in the Bond Indenture shall be valid or effective for any purposes under the Bond Indenture.

BOOK-ENTRY ONLY SYSTEM

General

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each Series of the Bonds in the aggregate principal amount of such Series and will be deposited with the Bond Trustee on behalf of DTC. For additional information regarding DTC and its book-entry only system and the meaning of defined terms used under this caption, see Appendix E hereto.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of such Bonds for all purposes, including payments, notices and voting.

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

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee shall satisfy the Issuer's obligations under the Bond Indenture, the Hospital's obligation under the Loan Agreement and the Obligated Group's obligations on the Series 2011 Master Note, to the extent of the payments so made.

Neither the Issuer, the Obligated Group nor the Bond Trustee shall have any responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond;
- the delivery to any DTC Participant or Indirect Participant or any other Person, other than a registered owner, as shown in the bond registration books maintained by the Bond Trustee (the "Bond Register"), of any notice with respect to any Bond including, without limitation, any notice of redemption or tender with respect to any Bond;
- the payment to any DTC Participant or Indirect Participant or any other Person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal or purchase price of, or premium, if any, or interest on, any Bond; or
- the selection of the Beneficial Owners to receive payment in the event of any partial redemption or purchase of the Bonds.

Prior to any discontinuation of the book-entry only system described herein with respect to the Bonds, the Issuer and the Bond Trustee will treat DTC as and deem DTC to be the absolute owner of the Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal or purchase price of, premium, if any, and interest on the Bonds;
- giving notices of redemption or tender and other matters with respect to the Bonds;
- registering transfers with respect to the Bonds; and
- the selection of the Bonds for redemption or purchase.

Discontinuation of Book-Entry Only System

The Beneficial Owners of the Bonds have no right to a securities depository for the Bonds. DTC or any successor Securities Depository may resign as Securities Depository for the Bonds by giving notice to the Bond Trustee and discharging its responsibilities under applicable law. In addition, the Issuer or the Bond Trustee may, at the request of the Hospital, remove DTC or a successor Securities Depository for any reason at any time. See also APPENDIX E – “BOOK-ENTRY SYSTEM” hereto.

If no qualified Securities Depository is a registered owner of the Bonds, the registered owners will be paid by the Bond Trustee as provided in the Bond Indenture.

[DEBT SERVICE REQUIREMENTS]

The following table sets forth, for each Bond Year, the debt service requirements, at maturity or by mandatory sinking account redemption, for the Bonds. The following table also includes the estimated debt service requirements for all bonds previously issued for the benefit of the Obligated Group that will be outstanding after the issuance of the Bonds.

	\$	\$	\$	\$	\$	\$

MATERIAL LITIGATION

The Issuer

There is no controversy of any nature now pending or, to the knowledge of the Issuer, threatened against the Issuer restraining or enjoining the issuance or sale of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken concerning the remarketing or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Issuer relating to the issuance of the Bonds.

The Obligated Group

There is no controversy of any nature now pending against any Obligated Group Member or, to the knowledge of their respective officers, threatened which seeks to restrain or enjoin the remarketing, sale, execution or delivery of the Bonds or which in any way contests or affects the validity of the Bonds or any proceedings of any Obligated Group Member taken with respect to the remarketing or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, or the use of the Bond proceeds.

As with most health care providers, Members of the Obligated Group are subject to certain legal actions that, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested (e.g., punitive damages) or because of a reservation of rights by an insurance carrier. There are certain legal actions currently pending against Obligated Group Members known to management of the Hospital and for which insurance coverage is uncertain for the above reasons. Management of the Hospital does not anticipate that any such suits will ultimately result in punitive damage awards or judgments in excess of applicable insurance limits or, if such awards or judgments were to be entered, that they would have a material adverse impact on the financial condition of the Obligated Group. Certain actions may not have proceeded to a stage that permits full evaluation.

Except as otherwise disclosed herein, there is no litigation pending against the Obligated Group Members nor to the knowledge of the Obligated Group Members is any litigation threatened, which would, if adversely determined, cause any material adverse effect on the financial condition or operations of the Obligated Group Members, taken as a whole. [Confirm]

TAX MATTERS

On January 21, 2011 (the date of original issuance of the Bonds), Foley & Lardner LLP, Bond Counsel, delivered an opinion to the effect that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. A copy of the opinion of Bond Counsel is included in APPENDIX D hereto. The Original Opinion of Bond Counsel speaks only as of December 9, 2010 and is not being redelivered or renewed in connection with the remarketing of the Bonds.

Bond Counsel will deliver its opinion, the form of which is also included in APPENDIX D to this Remarketing Circular, to the effect that the change of the interest rate mode on the Conversion Date does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. However, in doing so, Bond Counsel will not update or renew its opinion delivered upon the original issuance of the Bonds.

The Code generally imposes an alternative minimum tax on individuals and corporations. The tentative minimum tax is computed based on a taxpayer's alternative minimum taxable income. Alternative minimum taxable income includes certain preferences and adjustments. Section 56(g)(4)(B) of the Code generally provides that, in the case of a corporation, an adjustment based on current earnings is determined, in part, by taking into account 75 percent of items, including tax-exempt interest, that are excluded from taxable income but included in the corporation's earnings and profits. Bond counsel expresses no opinion regarding the manner in which interest on the Bonds is taken into account as an adjustment to current earnings for purposes of determining alternative minimum taxable income.

The Code imposes various restrictions conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Issuer and the Hospital covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

The opinion of Bond Counsel relied on factual representations made by the Issuer, the Hospital and other persons, at the time of issuance of the Bonds. These factual representations include but are not limited to certifications by the Hospital regarding the investment of proceeds of the Bonds and regarding use of property financed and refinanced with proceeds of the Bonds that has occurred since December 22, 2003 and that is reasonably expected to occur during the entire term of the Bonds. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds.

In addition, the Original Opinion of Bond Counsel has relied, among other things, on the opinion of Upchurch, Bailey and Upchurch, P.A., Counsel to the Hospital and the other Obligated Group Members, regarding the current qualification of the Hospital and certain of the other Obligated Group Members directly benefiting from the proceeds of the Bonds as organizations described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations and is not binding on the IRS. The opinion of Bond Counsel also assumes that the Hospital and certain other Obligated Group Members have qualified as organizations described in section 501(c)(3) of the Code at all times since December 22, 2003. The Hospital has made representations relating to such qualification, but the opinion of Counsel to the Hospital addresses to such qualification only as of the date of original issuance of the Bonds. Bond Counsel renders no opinion regarding the qualification of the Hospital or of the other Obligated Group Members directly benefiting from the proceeds of the Bonds as organizations described in Section 501(c)(3) of the Code.

Bond Counsel has also relied upon representations of the Hospital and the other Obligated Group Members benefiting from the issuance of the Bonds concerning their "unrelated trade or business" activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor Counsel to the Hospital and the other Members of the Obligated Group benefiting from the issuance of the Bonds has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor General Counsel nor Counsel to the Hospital and the other Members of the Obligated Group benefiting from the issuance of the Bonds can give or has given any opinion or assurance about the future activities of the Hospital and the other Members of the Obligated Group or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the Hospital or the other Obligated Group Members benefiting from the issuance of the Bonds to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner that is substantially related to the benefiting Member's charitable purpose under Section 513(a) of the Code may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

The interest rate determination method and certain requirements and procedures contained or referred to in the Bond Indenture, the Loan Agreement, the Tax Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Although Bond Counsel was of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes to the extent described herein, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel was based on current legal authorities, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service, or the courts, and is not a guarantee of result. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the Hospital or the other Members of the Obligated Group benefiting from the issuance of the Bonds or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the Hospital and the other benefiting Members of the Obligated Group have covenanted, however, to comply with the requirements of the Code.

Bond Counsel is not obligated to defend the Issuer, the Hospital or any other Member of the Obligated Group or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current procedures, parties other than the Issuer, the Hospital and the other Members of the Obligated Group and their appointed counsel, including the Beneficial Owners, may have little, if any, right to participate in the examination process. Moreover, because achieving judicial review in connection with an examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the Hospital or another Members of the Obligated Group benefiting from the issuance of the Bonds legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for examination, or the course or result of such examination, or an examination of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the Hospital, the other Members of the Obligated Group or the Beneficial Owners to incur significant expense.

RATINGS

[Based on the support for payment of principal, Purchase Price and interest provided by the letter of Credit issued by _____,] the Bonds have been rated "____/____" by _____ (the "Rating Agency"). Such rating reflects only the view of the Rating Agency and any explanation of the significance of such rating must be obtained from the Rating Agency.

Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by the ratings agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. The Issuer and the Underwriters have undertaken no responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds.

THE REMARKETING AGENT

_____ is the Remarketing Agent under the Remarketing Agreement. A successor Remarketing Agent may be appointed in accordance with the terms of the Remarketing Agreement. The principal office of the Remarketing Agent is located at _____, _____, _____, Attention: _____. The Remarketing Agent has agreed to [purchase] [use its best efforts to remarket] the Bonds on the Conversion Date, at a purchase price equal to the par amount of the Bonds, pursuant to a [Remarketing Agreement] entered into between the Borrower and the Remarketing Agent.

The Bond Indenture provides that, if the conditions to the effectiveness of the change to the _____ Rate, as described in _____, are not satisfied on the Conversion Date, the remarketing described herein shall not be effected.

RELATIONSHIP OF CERTAIN PARTIES

_____, which will serve as Remarketing Agent in connection with the remarketing of the Bonds on _____, is an affiliate of _____, the Bank.]

MISCELLANEOUS

All quotations from, and summaries and explanations of, the Bonds, the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgage, the Series 2011 Master Note and other documents referred to herein do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions. Copies of the Bond Indenture, the Loan Agreement, Supplemental Master Indenture, the Series 2011 Master Note, the Master Indenture and the Mortgage may be obtained from the Hospital. The appendices attached hereto are a part of this Remarketing Circular. All projections, forecasts, estimates and other statements in this Remarketing Circular involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

EXECUTION

This Remarketing Circular has been executed and delivered by the Issuer and has been approved by the Obligated Group Members. This Remarketing Circular is not to be construed as a contract or agreement between the Issuer, the Hospital or any other Obligated Group Member and the purchasers or registered owners of any of the Bonds.

ST. JOHNS COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
Chairman

Approved:

FLAGLER HOSPITAL, INC.

By: _____
President

FLAGLER HEALTH CARE FOUNDATION,
INC.

By: _____
President

FLAGLER HEALTH CARE SYSTEM, INC.

By: _____
President