

RESOLUTION NO. 92-131
AMENDED AND RESTATED BOND RESOLUTION

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA (THE "ISSUER") AUTHORIZING AND APPROVING THE ISSUANCE, DELIVERY AND SALE OF THE ISSUER'S ICF/MR REVENUE BONDS (GF/AMELIA ISLAND PROPERTIES, INC. PROJECT) SERIES 1992A, ITS TAXABLE ICF/MR SUBORDINATE REVENUE BONDS (GF/AMELIA ISLAND PROPERTIES, INC. PROJECT) SERIES 1992B AND ITS ICF/MR SUBORDINATE REVENUE BONDS (GF/AMELIA ISLAND PROPERTIES, INC. PROJECT) SERIES 1992C IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST, A LOAN AGREEMENT, LIMITED OFFERING STATEMENT, A BOND PLACEMENT AGREEMENT AND OTHER RELATED DOCUMENTS AND MATTERS;

WHEREAS, the Issuer is authorized by the Constitution of the State of Florida and by the Florida Industrial Development Financing Act, being Section 159.25 *et seq.*, Florida Statutes, as amended (the "Act"), to raise funds by the issuance and sale of its revenue bonds, to use the proceeds thereof to acquire health care facilities and to enter into contracts or otherwise cooperate with other public agencies;

WHEREAS, the Issuer is authorized and empowered by the Act to issue its bonds and loan the proceeds thereof for the purposes provided in the Act;

WHEREAS, the Issuer will issue its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, its Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and its ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (collectively, the "Bonds"), pursuant to an Indenture of Trust dated as of September 1, 1992 (the "Indenture") between the Issuer and NationsBank of Florida, National Association, as trustee (the "Trustee");

WHEREAS, the Issuer will enter into a Loan Agreement dated as of September 1, 1992 (the "Loan Agreement") with GF/Amelia Island Properties, Inc., a Florida not-for-profit corporation (the "Company"), under which the Issuer will agree to issue its Bonds and to lend the proceeds thereof to the Company for the purpose of (i) financing the cost of the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"), (ii) funding a debt service reserve fund and (iii) paying the costs of issuing the Bonds; the Company has agreed to pay all Revenues of the Facilities (as defined in the Indenture) to the Issuer, and the payments of the Company to the Issuer have been assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds (the "Program");

WHEREAS, the Company will grant a mortgage and security interest in the Facilities to the Issuer pursuant to a Mortgage and Security Agreement dated as of September 1, 1992 (the "Mortgage"), and the Issuer will assign a majority of its rights and interests under the Mortgage to the Trustee pursuant to an Assignment of Mortgage and Security Agreement dated as of September 1, 1992 (the "Assignment"), as further security for the payment obligations evidenced by the Bonds;

WHEREAS, PHN Capital Funding Inc. and Gardnyr Michael Capital, Inc. (collectively, the "Placement Agents") have agreed to sell the Bonds for the Issuer pursuant to a Bond Placement

Agreement (the "Bond Placement Agreement") to be executed between the Issuer and the Placement Agents;

WHEREAS, the Issuer wishes to authorize and approve certain documents in connection with the issuance of the Bonds, namely:

- (a) the Indenture;
- (b) the Loan Agreement;
- (c) the Mortgage;
- (d) the Assignment;
- (e) the Bond Placement Agreement; and

(f) the form of Limited Offering Statement (the "Limited Offering Statement") (the Indenture, the Loan Agreement, the Mortgage, the Assignment, the Bond Placement Agreement and the Limited Offering Statement are referred to herein, collectively, as the "Documents").

WHEREAS, the Issuer also wishes to authorize and approve the form of certain authorizing signatures used in connection with the Documents; and

NOW THEREFORE, BASED ON THE ABOVE PREMISES WHICH THE ISSUER HEREBY FINDS AND DETERMINES TO BE TRUE AND CORRECT, BE IT RESOLVED AS FOLLOWS:

1. *Criteria and Requirements.* The Issuer hereby determines and finds as follows: (i) the Facilities shall provide or preserve gainful employment in Nassau County, Florida and shall serve a public purpose by advancing the general welfare of the State of Florida and its people as stated in Section 159.26, Florida Statutes, as amended; (ii) the Company is financially responsible and fully capable and willing to fulfill its obligations under the Loan Agreement, including the obligations to make payments in the amounts and at the times required and to operate, repair and maintain, at its own expense, the Facilities; (iii) the Issuer will be able to cope satisfactorily with the impact of the Facilities and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Facilities; (iv) adequate provision will be made for the operation, repair and maintenance of the Facilities at the expense of the Company and for the payment of the principal of and interest on the Bonds; and (v) the costs to be paid from the proceeds of the Bonds shall be costs of a project within the meaning of Chapter 159, Part II, Florida Statutes, as amended.

2. *Authorization of Bonds.* The Issuer hereby authorizes the issuance of the Bonds in an aggregate principal amount not to exceed \$6,000,000 on the terms and conditions set forth in the Documents and to take all action necessary to provide for the issuance and delivery of the Bonds, the execution and delivery of the Documents in connection therewith, and the placement of the Bonds by the Placement Agents, pursuant to this Resolution and the Bond Placement Agreement, and hereby ratifies and confirms all actions taken by the Issuer prior to the date hereof in connection with the issuance, delivery and sale of the Bonds.

The Bonds shall be dated, mature, bear interest, be subject to payment and redemption prior to maturity and be payable as set forth in the Indenture. The Bonds shall be issued in the form of fully

registered Bonds without coupons in one or more series, with such rights of exchangeability and transfer as set forth in the Indenture and shall be in the forms and executed and authenticated in the manner provided in the Indenture. The term "Bonds" as used herein shall be deemed to mean and include the Bonds as initially issued and Bonds issued in exchange thereof or in exchange for Bonds previously issued.

Any Bond hereafter issued in exchange for the Bonds initially issued and delivered pursuant to the Indenture shall be executed in accordance with the provisions of the Indenture and such execution by the Chairman and Clerk of the Issuer, whether present or future, is hereby authorized.

3. *Sale of the Bonds.* The Board hereby finds, ascertains, determines and declares that a negotiated sale of the Bonds is in the best interests of the Issuer and is necessary on the basis of the following reasons, as to which specific findings are hereby made: (a) the size and complexity of the issuance of the Bonds requires lengthy and detailed structuring which could be unreasonably restricted by the lack of the flexibility of bidders at competitive sale; and (b) prevailing market conditions have resulted in rapidly changing and broadly varying interest rates, the negative effects of which on the issuance of the Bonds will be minimized by a negotiated sale. A negotiated sale of the Bonds by the Placement Agents for the Issuer pursuant to the Bond Placement Agreement and the Limited Offering Statement is hereby authorized and approved.

4. *Approval, Execution and Delivery of the Indenture.* The execution, delivery and performance of the Indenture, in substantially the form presented to the Issuer on the date hereof, subject to such changes, additions and deletions as may be approved by the Chairman, Clerk or other officer of the Issuer, is hereby approved and authorized, and the officers of the Issuer are each hereby authorized to execute, attest and affix the Issuer's seal to the Indenture and to deliver the Indenture to the Trustee, which execution and delivery shall be conclusive evidence of the approval of any of the aforesaid changes, additions and deletions.

5. *Approval, Execution and Delivery of the Loan Agreement.* The execution, delivery and performance of the Loan Agreement, in substantially the form presented to the Issuer on the date hereof, subject to such changes, additions and deletions as may be approved by the Chairman, Clerk or other officer of the Issuer, is hereby approved and authorized, and the officers of the Issuer are hereby authorized to execute, attest and affix the Issuer's seal to the Loan Agreement and to deliver the Loan Agreement to the Company, which execution and delivery shall be conclusive evidence of the approval of any of the aforesaid changes, additions and deletions.

6. *Approval, Execution and Delivery of the Mortgage.* The execution, delivery and performance of the Mortgage, in substantially the form presented to the Issuer on the date hereof, subject to such changes, additions and deletions as may be approved by the Chairman, Clerk or other officer of the Issuer, is hereby approved and authorized, and the officers of the Issuer are hereby authorized to execute, attest and affix the Issuer's seal to the Mortgage and to deliver the Mortgage to the Trustee, which execution and delivery shall be conclusive evidence of the approval of any of the aforesaid changes, additions and deletions.

7. *Approval, Execution and Delivery of the Assignment.* The execution, delivery and performance of the Assignment, in substantially the form presented to the Issuer on the date hereof, subject to such changes, additions and deletions as may be approved by the Chairman, Clerk or other officer of the Issuer, is hereby approved and authorized, and the officers of the Issuer are hereby authorized to execute, attest and affix the Issuer's seal to the Assignment and to deliver the Assignment

to the Trustee, which execution and delivery shall be conclusive evidence of the approval of any of the aforesaid changes, additions and deletions.

8. *Approval, Execution and Delivery of the Bond Placement Agreement.* The sale of the Bonds by the Placement Agents for the Issuer, upon the terms and conditions set forth in the Bond Placement Agreement, are hereby approved; the execution, delivery and performance of the Bond Placement Agreement, in substantially the form presented to the Issuer on the date hereof, subject to such changes, additions and deletions and at the interest rates as may be approved by the Chairman, Clerk or other officer of the Issuer, are hereby approved and authorized, and that the officers of the Issuer are hereby authorized to execute and deliver the Bond Placement Agreement to the Placement Agents, which execution and delivery shall be conclusive evidence of the approval of the price, interest rates and any of the aforesaid changes, additions and deletions.

9. *Approval, Execution, Use and Distribution of the Limited Offering Statement.* The officers of the Issuer are each hereby authorized to execute the Limited Offering Statement, in substantially the form of as presented to the Issuer on the date hereof, subject to such changes, additions and deletions as may be approved by the Chairman, Clerk or other officer of the Issuer, which execution and delivery shall be conclusive evidence of the approval of any of the aforesaid changes, additions and deletions; and the distribution and circulation of the Limited Offering Statement by the Placement Agents is hereby approved and authorized, subject to the terms, conditions and limitations to be contained therein, and subject further to any aforesaid changes, additions and deletions approved as aforesaid.

10. *Execution and Delivery of Other Documents.* The officers of the Issuer are each hereby authorized to execute, attest, affix the Issuer's seal to and deliver, or to accept delivery of, any and all other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the issuance of the Bonds.

11. *No Personal Liability.* No stipulation, covenant, agreement or obligation herein contained or contained in the Documents, the Bonds or any other instrument related to the issuance of the Bonds shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, director, trustee, officer, employee, or agent of the Issuer, or of any incorporator, member, commissioner, director, trustee, officer, employee or agent of any successor to the Issuer, in any person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his or her individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his or her individual capacity, is hereby expressly waived and released.

12. *Public Hearing.* The Issuer hereby approves and confirms its participation in the Program and the public hearing held with respect to its participation in the Program, as required by Section 147 of the Internal Revenue Code of 1986, as amended, which public hearing was held on December 9, 1991 at the time and in the place designated in a notice to the public published in The Florida Times-Union on November 22, 1991, which publication is hereby ratified and confirmed.

13. *Placement Agents' Disclosure.* In connection with the negotiated sale of the Bonds by the Placement Agents, the Placement Agents executed and delivered a disclosure statement to the Issuer pursuant to the provisions of Section 218.385(4), Florida Statutes, as amended, and the Issuer hereby acknowledges receipt of said disclosure statement and hereby further approves of said disclosure statement in the form presented to it.

14. *Seal.* The seal which is impressed upon this certificate is the legally adopted, proper and only official corporate seal of the Issuer.

15. *Approval of All Acts.* All acts and deeds of the officers and agents of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and delivery of the Bonds, including, but not limited to, the execution and delivery of any certificates, instruments and documents necessary in connection therewith, are hereby approved and confirmed.

16. *Severability.* If any of the provisions of this Resolution are held contrary to any provision of law or contrary to the policy of any provision of law or invalid for any other reason, then such provisions shall be null and void and shall be separable from the remaining provisions of this Resolution, and shall in no way affect the validity of any other provisions hereof.

17. *Compliance with the Act.* The Issuer has heretofore determined and hereby confirms that the issuance of the Bonds, the acquisition, construction, equipping and furnishing of the Facilities with the proceeds of the Bonds and the adoption of this Resolution all comply with the Act.

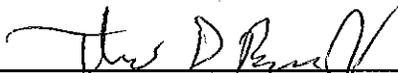
18. *Conflicting Resolutions.* All resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

19. *Effective Date.* That this Resolution shall be in full force and effect from and upon its adoption.

Adopted this 14th day of September, 1992.

NASSAU COUNTY, FLORIDA

[SEAL]

By 
Thomas D. Branan, Jr.
Chairman - Board of County Commissioners
of Nassau County, Florida

Attest:

By 
T.J. Greeson
Ex-Officio Clerk

CLERK'S CERTIFICATE

I, T.J. Greeson, Ex-Officio Clerk to the Board of County Commissioners of Nassau County, Florida (the "Issuer"), *DO HEREBY CERTIFY* that the foregoing pages of typewritten matter constitute a true and correct copy of the Resolution adopted on September 14, 1992 by the Issuer in a meeting duly called and assembled, which was open to the public and at which a quorum was present and acting throughout, and that the original of said Resolution appears of record in the Minute Book of the Issuer which is in my custody and control.

Given under my hand and seal of the Issuer this 14th day of September, 1992.

[SEAL]

T.J. Greeson, Clerk
by [Signature], D.C.

T.J. Greeson, Ex-Officio Clerk

INDENTURE OF TRUST

between

NASSAU COUNTY, FLORIDA

and

NATIONSBANK OF GEORGIA, NATIONAL ASSOCIATION,
as Trustee

\$5,150,000

*Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A*

\$360,000

*Nassau County, Florida
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B*

\$210,000

*Nassau County, Florida
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C*

September 1, 1992

INDENTURE OF TRUST

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of September 1, 1992 (the "Indenture"), is between *NASSAU COUNTY, FLORIDA* (the "Issuer"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Florida (the "State"), and *NATIONSBANK OF GEORGIA, NATIONAL ASSOCIATION*, a national banking association organized and existing under the laws of the United States, having its principal corporate trust office in Atlanta, Georgia, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Issuer is authorized by the constitution of the State and by the Florida Industrial Development Financing Act, being Section 159.25 *et seq.* Florida Statutes Annotated, as amended (the "Act"), to raise funds by the issuance and sale of its revenue bonds, and to use the proceeds thereof to acquire, construct, improve, equip and furnish health care facilities or any interest therein;

WHEREAS, the Issuer is authorized and empowered by the Act to issue its bonds and loan the proceeds thereof for the purposes provided in the Act;

WHEREAS, the Issuer will issue its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992A; its Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992B; and its ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992C (collectively, the "Bonds"), pursuant to this Indenture;

WHEREAS, the Trustee is a national banking association with trust powers and is qualified to accept and administer the trusts hereby created;

WHEREAS, the execution and delivery of this Indenture is and will be in all respects proper;

WHEREAS, the Issuer has entered into a Loan Agreement dated as of September 1, 1992 (the "Agreement") with GF/Amelia Island Properties, Inc. (the "Company"), a Florida not-for-profit corporation, under which the Issuer has agreed to issue the Bonds and to lend the proceeds thereof to the Company for the purpose of financing the cost of (i) the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"); the Company has agreed to pay all Revenues (as defined herein) to the Issuer, and the payments of the Company to the Issuer have been assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the Company will grant a mortgage and security interest in the Facilities to the Issuer pursuant to a Mortgage and Security Agreement dated as of September 1, 1992 (the "Mortgage"), and the Issuer will assign its rights under the Mortgage to the Trustee pursuant to an Assignment Agreement dated as of September 1, 1992 (the "Assignment"), as security for the payment obligations evidenced by the Bonds.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of (i) the premises and the acceptance by the Trustee of the trusts hereby created, (ii) the purchase and acceptance of the Bonds by the Owners thereof and (iii) other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged for the purpose of securing the payment of the principal of, premium, if any, and interest on the Bonds at any time Outstanding under this Indenture according to their tenor and effect and to declare the terms and conditions upon and subject to which the Bonds are issued, authenticated, delivered, secured and held, and in order to secure the faithful performance and observance by the Issuer of all the covenants and conditions set forth herein and in the the Bonds, does adopt, and will execute and deliver this Indenture, and does hereby grant, bargain, transfer, sell, convey, assign, pledge unto, set over and confirm and grant a security interest in the following to the Trustee, and to its successors and their assigns forever, all and singular the following described properties (which are sometimes herein collectively referred to as the "Trust Estate"), to wit:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in, to and under the Agreement, the Mortgage (except as to the Issuer's rights to payments under Sections 6.2, 7.4 and 9.10 of the Agreement and Section 2.11 and 2.15 of the Mortgage and the Issuer's rights under the Agreement to receive notices, reports and other information and to inspect the Facilities and its records), including without limitation, all Revenues and proceeds and payments received or receivable by the Issuer under and pursuant to the Agreement and the present and continuing right to make claim for, collect and receive any of the rents, revenues and receipts and other sums of money payable or receivable thereunder, whether payable as rents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Agreement, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the Agreement.

GRANTING CLAUSE SECOND

All revenues and all moneys and securities from time to time held by the Trustee under the terms of this Indenture (except those in the Rebate Fund) and the Agreement and any and all other property of every type and nature whatsoever from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security hereunder by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate and the rights and privileges hereby pledged, conveyed and assigned by the Issuer, or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, for the equal and pro rata benefit and security of each and every Owner first of the Senior Bonds and then the Subordinate Bonds issued and to be issued hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Senior Bond over or from the other Senior Bonds or one Subordinate Bond over or from the other Subordinate Bonds for any reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Senior Bonds or Subordinate Bonds (as the case may be) shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been issued simultaneously with the delivery hereof and were expressed to mature on one and the same date;

SUBJECT, NEVERTHELESS, to Permitted Encumbrances; and

PROVIDED, HOWEVER, that if (i) the Issuer, and its successors or assigns, shall well and truly cause the Bonds and the interest due or to become due thereon, and premium, if any, to be paid solely and only from the source mentioned in the Bonds, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall comply with all conditions precedent to the satisfaction and discharge of the Indenture, and shall cause to be paid to the Trustee and any paying agents all sums of money due or to become due to them in accordance with the terms and provisions hereof, (ii) the Company shall perform all of its covenants under the Agreement, and (iii) all sums of money due of to become due to the Issuer under the terms of the Agreement shall be paid, then this Indenture and the rights hereby granted shall cease, determine and be void, and the Trustee in such case, on demand of the Issuer, upon payment by the Issuer to the Trustee of its reasonable fees, costs and expenses, shall execute and deliver to the Issuer in accordance with the terms hereof such discharges or satisfactions as shall be requisite and convey to the Issuer all interests held by the Trustee pursuant to the terms hereof, otherwise, this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and the rents, payments, revenues and receipts derived from the Agreement, hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee and the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITION OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

Section 1.01. *Definition of Terms.* Unless otherwise apparent from the context, the terms defined in this Article I shall for all purposes of this Indenture have the meanings herein specified. Except where otherwise indicated or provided, words in the singular number include the plural as well as the singular number and vice versa.

"Acquisition and Construction Fund" means the Acquisition and Construction Fund created pursuant to Section 4.01 of this Indenture.

"Act" means the Florida Industrial Development Financing Act, being Section 159.25 *et seq.*, Florida Statutes, as amended.

"Additional Bonds" means, collectively, the Additional Senior Bonds and the Additional Subordinate Bonds.

"Additional Senior Bonds" means the obligations of the Issuer secured by a first lien on the Revenues and issued under Section 2.12 of this Indenture.

"Additional Subordinate Bonds" means the obligations of the Issuer secured by a subordinate lien on the Revenues and issued under Section 2.12 of this Indenture.

"Agreement" means the Loan Agreement dated as of September 1, 1992 between the Issuer and the Company, as from time to time supplemented and amended.

"Assignment" means the Assignment Agreement dated as of September 1, 1992 from the Issuer in favor of the Trustee.

"Authenticating Agent" means the authenticating agent, initially the Trustee, appointed by the Issuer and includes any successor authenticating agent appointed by the Issuer.

"Authorized Denomination" means (i) \$100,000 or any integral multiple of \$5,000 in excess thereof, (ii) when the aggregate principal amount of any Series of Bonds Outstanding is less than the Authorized Denomination therefor, the principal amount then Outstanding with respect to such Series or (iii) such other amount in integral multiples of \$5,000 as the Trustee determines necessary in order to accomplish a mandatory redemption.

"Average Annual Debt Service" means (i) for the Senior Bonds, as of any calculation date the amount obtained by computing the aggregate amount of annual debt service on the Senior Bonds for the then current and all succeeding Fiscal Years with respect to the Senior Bonds Outstanding at such calculation date and dividing that amount by the number of Fiscal Years to the last maturity of any Senior Bonds Outstanding at such calculation date and (ii) for the Bonds, as of any calculation date the amount obtained by computing the aggregate amount of annual debt service on the Bonds for the then current and all succeeding Fiscal Years with respect to the Bonds Outstanding at such calculation date and dividing that amount by the number of Fiscal Years to the last maturity of any Bonds Outstanding at such calculation date.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in matters pertaining to obligations issued by states and their political subdivisions.

"Bond Payment Date" means any Interest Payment Date and any other date on which the principal of, premium, if any, and interest on the Bonds is to be paid to the Owners thereof, whether upon redemption, at maturity or upon acceleration of maturity of the Bonds.

"Bonds" means, collectively, the Series 1992A Bonds, the Series 1992B Bonds and Series 1992C Bonds, and any Additional Bonds issued under this Indenture.

"Business Day" means a day on which banks in the States of New York and Florida are not required or authorized by law to remain closed and on which The New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code will be deemed to include the United States Treasury Regulations proposed (which if adopted in their current form would apply to the Bonds) or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof, and shall include any successor provision to such provision of the Code.

"Company" means GF/Amelia Island Properties, Inc., a Florida not-for-profit corporation qualified to do business in the State.

"Company Representative" means such authorized representative or representatives of the Company as may be designated from time to time pursuant to a written notice to the Trustee and the Issuer executed by the Company with a speciman signature.

"Consultant" means a a person or entity, retained by the Company and not unacceptable to the Trustee with expertise in matters related to health care finance.

"Cost of Issuance Fund" means the Cost of Issuance Fund created pursuant to Section 4.01 of this Indenture.

"Debt Service Fund" means the Debt Service Fund created pursuant to Section 4.01 of this Indenture.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created pursuant to Section 4.01 of this Indenture.

"Debt Service Reserve Requirement" means the lesser of (a) the Maximum Annual Debt Service on Outstanding Senior Bonds, (b) 125% of the Average Annual Debt Service on Outstanding Senior Bonds or (c) \$515,000 or 10% of the proceeds of the Senior Bonds.

"Depreciation Reserve Fund" means the Depreciation Reserve Fund created pursuant to Section 4.01 of this Indenture.

"Event of Default" means an Event of Default as defined in Article VI this Indenture.

"Facilities" means an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and a related day program services facility for the mentally retarded to be located in Nassau County, Florida (together with the real property on which they are located and any personal property of every name and nature now and from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Company or by anyone on its behalf, as more particularly described in Exhibit A attached to the Agreement).

"Federal Securities" means (a) direct noncallable obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America; or (b) trust receipts or certificates evidencing an interest in direct noncallable obligations of the United States of America if (i) a bank or trust company acts as custodian and holds the underlying obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (iii) the underlying obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; or (c) pre-refunded municipal obligations meeting these conditions: (i) the bonds are not to be callable prior to maturity or the trustee has been given irrevocable instructions concerning their calling and redemption; (ii) the bonds are secured by cash or Federal Securities which may be applied only to interest, principal, and premium payments of such bonds; (iii) the principal and interest of the Federal Securities (plus any cash in the fund) are sufficient to meet the liabilities of the bonds; (iv) the Federal Securities serving as security for the bonds are held by an escrow agent or trustee; and (v) the Federal Securities are not available to satisfy any other claims, including those against the Trustee or escrow agent then holding the Federal Securities.

"Fiscal Year" means that period adopted, initially July 1 through June 30, by the Company as its annual accounting period.

"Generally Accepted Accounting Principles" means those accounting principles applicable in the preparation of financial statements of the Facilities, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

"Interest Payment Date" means each December 1 and September 1, commencing March 1, 1992.

"Interest Period" means the period from the date of issuance of the Bonds to February 28, 1993, and thereafter, from and including an Interest Payment Date to and including the day preceding the next Interest Payment Date.

"Issuer" means Nassau County, Florida, a political subdivision organized and existing under and by virtue of the constitution and the laws of the State.

"Issuer Representative" means such authorized representative or representatives of the Issuer as may be designated from time to time pursuant to a written notice to the Trustee and the Company executed by the Issuer with a specimen signature.

"Management Fee" means the fee outstanding and due on or after September 1, 1992, to the current and/or previous manager of the Facilities pursuant to the contract in place from time to time between the Manager and the Company.

"Manager" means, initially, Eidetik, Inc., a Kentucky corporation, or any manager of the Facilities subsequently retained by the Company.

"Maximum Annual Debt Service" means (i) for the Senior Bonds, as of any date of calculation the highest principal and interest payment requirements with respect to all Senior Bonds for any succeeding Fiscal Year excluding the amount of interest on Senior Bonds payable in such period from the proceeds of such Senior Bonds deposited with a trustee for such purpose and excluding Senior Bonds for which the Company has caused to be escrowed cash or marketable securities for repayment and (ii) for the Subordinate Bonds, as of the date of calculation the highest principal and interest payment requirements with respect to the Bonds for any succeeding Fiscal Year excluding the amount of interest on the Bonds payable in such period from the proceeds of such Bonds deposited with a trustee for such purpose and excluding Bonds for which the Company has caused to be escrowed cash or marketable securities for repayment. If any Bonds are subject to mandatory redemption prior to maturity, the term of the amortization of such Bonds will be determined by the related sinking fund schedule, and if any Bonds are subject to tender for purchase at the option of the Owner prior to maturity, the term of the amortization of such Bonds will be deemed to be remaining years to maturity assuming level debt service payments.

"Mortgage" means the Mortgage and Security Agreement dated as of September 1, 1992 made by the Company in favor of the Issuer.

"Officer's Certificate" means a written certificate of the Company Representative.

"Operating and Maintenance Fund" means the Operating and Maintenance Fund created pursuant to Section 4.01 of this Indenture.

"Operating and Maintenance Fund Requirement" means an amount equal to 1/6th of the total Operating Budget for the then current Fiscal Year. In calculating the amount on deposit in the Operating and Maintenance Fund for purposes of determining whether the Operating and Maintenance Fund Requirement has been met, the balance in the Operating and Maintenance Fund will be determined by subtracting from the amount therein any funds transferred into the Operating and Maintenance Fund from the Revenue Fund pursuant to Section 4.05(b) of this Indenture during the month of such calculation.

"Operating Budget" means the annual budget adopted by the Company concerning the operation of the Facilities for the succeeding Fiscal Year, as amended by the Company from time to time.

"Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, any Rebate Amount, amounts payable by the Company under the Agreement or the Mortgage other than the principal of, premium, if any, and interest on the Bonds, administrative expenses of the Issuer relating solely to the Facilities, administrative expenses of the Company relating solely to the Facilities, labor, executive compensation, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. *"Operating Expenses"* will not include (i) the Management Fee, (ii) interest on the Bonds, (iii) any allowance for depreciation or replacements of capital assets of the Facilities, or (iv) amortization of financing costs.

"Outstanding Bonds" or *"Outstanding"* means all Bonds which have been duly authenticated and delivered by the Trustee hereunder, except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for the payment or redemption of which cash funds (or Federal Securities to the extent permitted in Section 11.01 hereof) have been deposited with the Trustee; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided further that prior to such redemption or payment, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of replacement under Section 2.08 hereof and transfer and exchange under Section 2.09 hereof;

(iii) Bonds issued hereunder, to the extent that such Bonds are no longer deemed to be Outstanding under the provisions of this Indenture; and

(iv) Bonds in lieu of which other Bonds have been authenticated under Section 2.11 hereof.

"Owner" or *"Registered Owner"* means the person or persons in whose name or names a particular Bond is registered on the register maintained for that purpose pursuant to Section 2.09 of this Indenture.

"Paying Agent" means the paying agent, initially the Trustee, appointed by the Issuer pursuant to Section 7.13 hereof, and any successor Paying Agent appointed under this Indenture.

"Permitted Encumbrances" means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid while subject to contestation; (b) utility, access and other easements and rights of way, restrictions and exceptions which do not, in the opinion of counsel to the Company not unacceptable to the Trustee, interfere with or impair operation of the Facilities; (c) any financing statements filed to perfect security interests with respect to this Indenture; (d) the Mortgage; and (e) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Facilities and as do not, in the opinion of counsel to the Company not unacceptable to the Trustee, materially impair title to the Facilities.

"Permitted Investments" means (a) Federal Securities; (b) interest-bearing deposit accounts (which may be represented by certificates of deposit, time deposit open account agreements or other deposit instruments) in national or state banks (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000 and whose deposits are insured by the Federal Deposit Insurance Corporation; (c) bankers' acceptances drawn on and accepted by commercial banks (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000; (d) obligations of any agency or instrumentality of the United States of America; (e) notes or commercial paper (of entities other than the Company and related entities) rated in either of the two highest rating categories by Moody's Investors Service or Standard & Poor's Corporation; (f) repurchase agreements with banking or financial institutions (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000, with respect to and fully secured by obligations described in (a) or (d) above; (g) money market mutual funds which invest solely in Federal Securities; (h) obligations the interest on which is excludible from gross income for federal income tax purposes, rated "A" or higher by Moody's Investors Service or "A" or higher by Standard & Poor's Corporation; and (i) certificates of deposit fully insured by the Federal Deposit Insurance Corporation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Principal Office of the Trustee" means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered.

"Property", when used in connection with a particular Person or group of Persons means any and all rights, titles and interests of such Person or group of Persons in and to any and all property whether real or personal, tangible or intangible, and wherever situated.

"Rebate Amount" means the amount required to be rebated to the United States pursuant to Section 148 of the Code.

"Rebate Analyst" means a certified public accountant, financial analyst or bond counsel, or any firm that may employ any of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Issuer to make the computations and give the directions required under Section 4.10 of this Indenture.

"Rebate Fund" means the Rebate Fund created pursuant to Section 4.01 of this Indenture.

"Record Date" means the fifteenth day preceding any Interest Payment Date.

"Registrar" means the registrar, initially the Trustee, appointed by the Issuer pursuant to Section 7.15 hereof, and any successor registrar appointed under this Indenture.

"Revenue Fund" means the Revenue Fund created pursuant to Section 4.01 of this Indenture.

"Revenues" means all rates, fees, receipts, rentals or other charges or other income received by the Company in connection with the management and operation of the Facilities, and all parts thereof, including amounts received from the investment or deposit of moneys in any fund created under Article IV of this Indenture other than the Rebate Fund and any amounts contributed by the Company, all as calculated in accordance with generally accepted accounting principles, and net proceeds of insurance or condemnation awards required to be transferred to the Trustee under Section 8.2 of the Agreement. *"Revenues"* do not include any amounts collected by the Company representing State sales taxes or State user fees which may be required by law or agreement to be paid to the State.

"Senior Bonds" means the Series 1992A Bonds.

"Series" means the Series 1992A Bonds, the Series 1992B Bonds or the Series 1992C Bonds.

"Series 1992A Bonds" means the Issuer's \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992A.

"Series 1992B Bonds" means the Issuer's \$360,000 Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992B.

"Series 1992C Bonds" means the Issuer's \$210,000 ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992C.

"State" means the State of Florida.

"Subordinate Bonds" means, collectively, the Series 1992B Bonds and the Series 1992C Bonds.

"Supplemental Indenture" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Indenture for the purpose of amending or supplementing the terms hereof.

"Tax Year" means the one-year period commencing with the date of original issuance of the Bonds and ending on the day immediately preceding the first anniversary date thereof and each one year period thereafter.

"Tax-Exempt Bonds" means those Bonds the interest on which is excludible from gross income for federal income tax purposes.

"Taxable Bonds" means those Bonds the interest on which is not excludible from gross income tax for federal income tax purposes.

"Trust Estate" means (i) all right, title and interest of the Issuer in and to the Agreement and the Mortgage and (ii) all Trust Moneys other than those in the Rebate Fund.

"Trust Moneys" means all moneys, other than those deposited in the Rebate Fund, received by the Trustee:

(a) as herein provided to be held and applied under this Indenture, or required to be paid to the Trustee and the disposition of which is not herein otherwise specifically provided for, including, but not limited to, the investment income on all Funds and Accounts held by the Trustee under this Indenture;

(b) as proceeds from the sale of the Bonds, including, but not limited to, moneys or Federal Securities received by the Trustee; and

(c) as Revenues (except as to moneys payable for Trustee's and Paying Agent's fees or similar charges) payable under the Agreement.

"Trustee" means NationsBank of Georgia, National Association, a national banking association organized and existing under the laws of the United States, as trustee hereunder, and any successor in trust appointed pursuant to Article VII hereof.

"Written Request," with reference to the Issuer, means a request in writing signed by an Issuer Representative and, with reference to the Company, means a request in writing signed by a Company Representative.

Section 1.02. *Construction of References.* References by number in this Indenture to any Article or Section shall be construed as referring to the Articles and Sections contained in this Indenture, unless otherwise stated. The words "hereby", "hereof", "hereto", and "hereunder" and any compounds thereof shall be construed as referring to this Indenture generally, and not merely to the particular Article, Section or subdivision in which they occur, unless otherwise required by the context.

The term "this Indenture" means this instrument as originally executed, as it may from time to time be supplemented and amended by one or more indentures supplemental hereto pursuant to the provisions hereof.

Section 1.03. *Date of Indenture.* The dating of this Indenture as of September 1, 1992 is intended as and for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date, this Indenture being executed on the dates of the respective acknowledgments hereto attached.

Section 1.04. *Severability Clause.* If any provision of this Indenture shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy.

Section 1.05. *Accounting Principles.* Where the character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Indenture, this shall be done in accordance with Generally Accepted Accounting Principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Indenture or such agreement, document or certificate.

Section 1.06. *Headings.* Any heading preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

[End of Article I]

ARTICLE II

THE BONDS

Section 2.01. *Authority for and Issuance of Bonds.* There is hereby authorized under this Indenture three series of bonds limited in an aggregate principal amount to \$5,720,000 and designated the "Nassau County, Florida ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A"; the "Nassau County, Florida Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B"; and the "Nassau County, Florida ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C." No Bonds may be issued under the provisions of this Indenture except in accordance with this Article II. The total principal amount of Bonds that may be issued and Outstanding hereunder is hereby expressly limited to \$5,720,000, except as provided in Sections 2.08 and 2.12 hereof. The Bonds will be issuable solely as fully registered bonds without coupons in Authorized Denominations. The Series 1992A Bonds will be numbered from AR-1 consecutively upwards, the Series 1992B Bonds will be numbered from BR-1 consecutively upwards and the Series 1992C Bonds will be numbered from CR-1 consecutively upwards.

The Bonds shall initially be dated the date of delivery thereof. The Senior Bonds or the Subordinate Bonds, as applicable, issued in exchange for or upon the registration of transfer of such Senior Bonds or Subordinate Bonds on or after the first Interest Payment Date thereon shall be dated as of the Interest Payment Date next preceding the date of the Trustee's authentication thereof, unless the date of such authentication shall be an Interest Payment Date, in which case they shall be dated as of such Interest Payment Date; provided that if, as shown by the records of the Registrar, (i) interest on the Senior Bonds shall be in default, Senior Bonds issued in exchange for or upon the registration of transfer of Senior Bonds shall be dated the date to which interest has been paid in full on the Senior Bonds, or if no interest has been paid on the Senior Bonds, the date of the first delivery of fully executed and authenticated Senior Bonds hereunder, and (ii) interest on the Subordinate Bonds shall be in default, Subordinate Bonds issued in exchange for or upon the registration of transfer of Subordinate Bonds shall be dated the date to which interest has been paid in full on the Subordinate Bonds, or if no interest has been paid on the Subordinate Bonds, the date of the first delivery of fully executed and authenticated Subordinate Bonds hereunder.

Payments of principal and premium, if any, with respect to the Bonds, shall be payable at the Principal Office of the Trustee. Payment of interest on the Bonds shall be made by check or draft mailed to the registered Owner thereof as of the Record Date at his, hers or its address as it last appears on the registration books of the Trustee. All such payments shall be made in lawful currency of the United States. At the written request of any Owner of at least \$500,000 in principal amount of the Bonds, interest may be payable by wire transfer at the address specified in writing by the Owner by the Record Date preceding the Interest Payment Date.

Section 2.02. *Maturity; Interest on Bonds.*

(a) The Series 1992A Bonds shall mature (subject to the right of prior redemption as hereinafter set forth) on September 1, 2022 and shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rate of 9.75% per annum from the dates as determined below in subparagraph (d) until the principal of said Series 1992A Bonds has been paid in full or duly provided for in accordance with the provisions hereof.

(b) The Series 1992B Bonds shall mature (subject to the right of prior redemption as hereinafter set forth) on September 1, 2004 and shall bear interest (computed on the basis of a

360-day year of twelve 30-day months) at the rate of 11.00% per annum from the dates as determined below in subparagraph (d) until the principal of said Series 1992B Bonds has been paid in full or duly provided for in accordance with the provisions hereof.

(c) The Series 1992C Bonds shall mature (subject to the right of prior redemption as hereinafter set forth) on September 1, 2007 and shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rate of 10.00% per annum from the dates as determined below in subparagraph (d) until the principal of said Series 1992C Bonds has been paid in full or duly provided for in accordance with the provisions hereof.

(d) The Bonds shall bear interest at the rates provided above in subparagraphs (a), (b) and (c) from the Interest Payment Date next preceding the date thereof (unless (i) the date thereof is prior to March 1, 1992 in which event from the date of delivery or (ii) it is dated after a Record Date and before the following Interest Payment Date, and if the Issuer shall not default in the payment of interest due on such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date or (iii) it is dated as of an Interest Payment Date, in which event it shall bear interest from such date) until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest accrued on the Bonds during each Interest Period shall be paid on each Interest Payment Date and shall be computed on the basis of a 360-day year of 12 30-day months.

Section 2.03. *Execution.* The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Chairman or Vice-Chairman and may have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Issuer, and be attested with the manual or facsimile signature of its Clerk; provided that any such signature shall be manually ascribed if so required by applicable law.

In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until authentication; and any Bond may be signed on behalf of the Issuer by such persons as are at the time of execution of such Bond proper officers of the Issuer, even though at the date of this Indenture, such person was not such officer.

Section 2.04. *Bonds, Limited Obligations.* The Bonds are limited obligations of the Issuer and are secured by and payable as to principal, interest and premium, if any, from payments to the Issuer under the Agreement, assigned to the Trustee.

The Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer or of the State or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or of the State or of any political subdivision thereof, but shall be payable solely from the Revenues. Neither the faith and credit nor the taxing power of the Issuer or of the State or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and the interest on the Bonds.

Section 2.05. *Authentication.* No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form contained in the Form of Series 1992A Bond, Series 1992B Bond and Series 1992C Bond included in Exhibits A, B and C, respectively, attached hereto shall have been duly executed by the Authenticating Agent and such executed certificate of the Authenticating Agent upon any

such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Authenticating Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Authenticating Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.06. *Form of Bonds.* The Series 1992A Bonds, Series 1992B Bonds and Series 1992C Bonds issued under this Indenture shall be substantially in the form set forth in Exhibits A, B and C, respectively, attached hereto with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.07. *Delivery of Bonds.* Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Authenticating Agent, and the Authenticating Agent shall authenticate, the Bonds and shall deliver them to the original purchaser thereof as directed by the Issuer as hereinafter in this Section 2.07 provided.

Prior to the delivery of any of the Bonds, Trustee shall have received the following:

- (a) A copy, duly certified by the Clerk of the Issuer, of the resolution of the Issuer authorizing the issuance of the Bonds and the execution and delivery of this Indenture and the Agreement;
- (b) Original executed counterparts of this Indenture and the Agreement;
- (c) A request and authorization to the Trustee on behalf of the Issuer and signed by the Chairman or Vice-Chairman of the Issuer to authenticate and deliver the Bonds; and
- (d) An opinion of Bond Counsel.

Section 2.08. *Mutilated, Lost, Stolen or Destroyed Bonds.* In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Authenticating Agent may authenticate and deliver a new Bond of like date, maturity and denomination as that Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity to the Issuer, the Trustee and the Authenticating Agent satisfactory to them. In the event any such Bond shall be about to mature or have matured or been called for redemption, instead of issuing a duplicate Bond, the Issuer may pay the same without surrender thereof. The Issuer, the Trustee and the Authenticating Agent may charge the Owner of such Bond their reasonable fees and expenses incurred pursuant to this Section 2.08.

All duplicate Bonds issued and authenticated pursuant to this Section 2.08 shall constitute original, contractual obligations of the Issuer (whether or not lost, stolen or destroyed Bonds are at any time found by anyone) and shall be entitled to equal and proportionate rights and benefits hereunder as all other Outstanding Bonds issued hereunder.

Section 2.09. *Registration and Transfer of Bonds; Persons Treated as Owners.* The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Registrar. At reasonable times and under reasonable regulations established by the Registrar and subject to any applicable law providing to the contrary, such list may be inspected by or a copy thereof

provided to the Company or Owners (or a designated representative thereof) of 15% or more in aggregate principal amount of Bonds Outstanding. Upon any additions, deletions or changes in Owners, the Registrar shall provide a corrected list to the Company on its request therefor.

Upon surrender for transfer of any Bond at its principal corporate trust office, the Registrar shall enter the name or names and address or addresses of the transferee upon the registration books of the Issuer and shall deliver such Bond to the transferee, or, upon request of the transferee, shall deliver a new fully authenticated and registered Bond or Bonds in the name or names of the transferee, such new Bond or Bonds to be of Authorized Denominations and of the same maturity and for the aggregate principal amount which the Owner is entitled to receive.

All Bonds presented for transfer, redemption or payment (if so required by the Issuer or the Registrar), shall be accompanied by a written instrument or instruments of transfer, in form and with guaranty of signature as set forth in the Form of each Series of Bonds included in the Exhibits hereto or as may be satisfactory to the Issuer and the Registrar, duly executed by the Owner or by his duly authorized attorney.

The Registrar also may require payment from the Owner of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

The Issuer, the Trustee and the Registrar shall not be required (a) to issue or register the transfer of any Bonds during any period beginning on a Record Date and ending at the close of business on the Business Day next preceding the next succeeding Bond Payment Date or (b) to transfer any Bonds selected, called or being called for redemption in whole or in part.

Bonds delivered upon any transfer as provided herein, or as provided in Section 2.08 hereof, shall be valid limited obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Issuer, the Registrar, the Paying Agent, and the Trustee may treat the person in whose name a Bond is registered on the books of the Issuer maintained by the Registrar as the absolute Owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

Section 2.10. *Destruction of Bonds.* Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.08 hereof or transfer pursuant to Section 2.09 hereof, such Bond shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

Section 2.11. *Temporary Bonds.* Pending preparation of definitive Bonds, there may be executed, and upon request of the Issuer, the Authenticating Agent shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary, typewritten, printed, engraved or lithographed bonds, in the form of registered Bonds without coupons in Authorized Denominations, substantially in the form of Exhibits A, B and C hereto (as the case may be) and with such appropriate omissions, insertions and variations as may be required with respect to such temporary Bonds.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed, authenticated and delivered to the Trustee, and the Trustee, upon presentation to it at its principal corporate trust office of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Owner, without charge to the Owner, a definitive Senior Bond or Subordinate Bond or Senior Bonds or Subordinate Bonds (as the case may be) of an equal aggregate principal amount, of the same maturity and bearing interest at the same rate or rates as the temporary Senior Bond or Subordinate Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder.

Section 2.12. *Other Obligations.*

(a) The Issuer may issue bonds to refund all or any principal amount of the Bonds. Refunding Bonds may be issued without meeting the tests of Sections 2.12(b) or 2.12(c) hereof if the refunding results in debt service savings verified by a nationally recognized certified public accountant satisfactory to the Issuer. The Issuer will not issue any other obligations, except upon the conditions and in the manner provided in this Indenture, payable from the Revenues having priority over or being on a parity with the lien of the Bonds issued pursuant to this Indenture, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds issued pursuant to this Indenture.

(b) Additional Senior Bonds may be issued hereunder if:

(1) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Senior Bonds to be issued, adjusted in the manner hereinafter provided, are at least equal to the sum of (A) the Operating Expenses and Management Fee for such Fiscal Year; plus (B) 120% of (1.20 times) the Maximum Annual Debt Service on Outstanding Senior Bonds and such proposed Additional Senior Bonds in any future Fiscal Year. If the Company has caused rates, rentals and charges for the provision and sale of its services to be increased, the Company may prepare a pro forma analysis of Revenues for the preceding Fiscal Year giving effect to the increases to the extent, and only to the extent, that said increases would be in effect for the 18-month period beginning on the date of delivery of the Additional Senior Bonds to be issued, and such analysis may be used for purposes of satisfying the covenant of this Section 2.12; or

(2) (A) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Senior Bonds to be issued were at least equal for such Fiscal Year to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year; plus (ii) 120% of (1.20 times) the aggregate of the debt service for such Fiscal Year; and

(B) the Revenues, as projected by the Issuer and certified by a Consultant, for the Fiscal Year in which the Additional Senior Bonds to be issued are to be delivered and in each of the five Fiscal Years thereafter, are at least equal to the sum of (i) the Operating Expenses and Management Fee projected for each such Fiscal Year; (ii) plus 120% of (1.20 times) the aggregate of the debt service on the Senior Bonds and the proposed Additional Senior Bonds for each such Fiscal Year.

In satisfying the tests contained in the immediately preceding subparagraph (B), there will be excluded from the calculation of debt service any interest

payments to the extent moneys have been deposited in the Priority Account of the Debt Service Fund as capitalized interest or accrued interest. Additionally, prior to the issuance of Additional Senior Bonds, the Company will provide the Trustee with an Officer's Certificate setting forth the relevant matters contained in Section 2.12(b)(1) or (b)(2).

(c) Additional Subordinate Bonds may be issued hereunder if:

(1) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Subordinate Bonds to be issued, adjusted in the manner hereinafter provided, are at least equal to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year; plus (ii) 110% of (1.10 times) the Maximum Annual Debt Service on Outstanding Bonds and such proposed Additional Subordinate Bonds in any future Fiscal Year. If the Company has caused rates, rentals and charges for the provision and sale of its services to be increased, the Company may prepare a pro forma analysis of Revenues for the preceding Fiscal Year giving effect to the increases to the extent, and only to the extent, that said increases would be in effect for the eighteen-month period beginning on the date of delivery of the Additional Subordinate Bonds to be issued, and such analysis may be used for purposes of satisfying the covenant of this Section 2.12; or

(2) (A) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Subordinate Bonds to be issued were at least equal for such Fiscal Year to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year; plus (ii) 110% of (1.10 times) the aggregate of the debt service for such Fiscal Year on the Outstanding Bonds; and

(B) the Revenues, as projected by the Issuer and certified by a Consultant, for the Fiscal Year in which the Additional Subordinate Bonds to be issued are to be delivered and in each of the five Fiscal Years thereafter, are at least equal to the sum of (i) the Operating Expenses and Management Fee projected for each such Fiscal Year; (ii) plus 110% of (1.10 times) the aggregate of the debt service on the Outstanding Bonds and the proposed Additional Subordinate Bonds for each such Fiscal Year.

In satisfying the tests contained in the immediately preceding subparagraph (B), there will be excluded from the calculation of debt service any interest payments to the extent moneys have been deposited in the Subordinate Account of the Debt Service Fund as capitalized interest or accrued interest. Additionally, prior to the issuance of Additional Subordinate Bonds, the Company will provide the Trustee with an Officer's Certificate setting forth the relevant matters contained in Section 2.12(c)(1) or (c)(2).

[End of Article II]

ARTICLE III
REDEMPTION

Section 3.01. *Issuer's Election to Redeem; Notice to Trustee.* The election of the Issuer, or through it the Company, to redeem any Bonds shall be evidenced by a Written Request to the Trustee. In case of any redemption at the election of the Issuer or the Company of less than all of the Outstanding Bonds of any Series, the Issuer, or through it the Company, shall, at least 45 days prior to the redemption date fixed by the Issuer, or through it the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount of Bonds of such Series to be redeemed.

Section 3.02. *Selection by Issuer of Bonds To Be Redeemed.* If less than all of the Outstanding Senior Bonds or Outstanding Subordinate Bonds are to be redeemed, the particular Senior Bonds or Subordinate Bonds (as the case may be) to be redeemed shall be selected by the Issuer, or through it by the Company, by lot within a maturity in such manner as the Registrar may determine. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed, or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

Section 3.03. *Notice of Redemption.* Notice of redemption identifying the Bonds to be redeemed shall be given by the Trustee to the Owners in writing not less than 30 days nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, at the address shown on the registration books (provided, however, that failure to receive an appropriate notice or any such notice shall not affect the validity of the proceedings of such redemption and failure to give any notice specified in clauses (ii) or (iii) below shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in clause (i) is correctly given).

Each notice of redemption shall state the following: (i) the redemption date, the place at which payment will be made, the principal amount to be redeemed and, if less than all of a Series of Bonds are to be redeemed, the distinctive numbers and letters of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (ii) any condition to such redemption and (iii) that the Bonds or portions of Bonds to be redeemed shall cease to bear interest on the redemption date and on the satisfaction of any condition to redemption. In case any Bond is to be redeemed in part only, the notice of redemption shall also state that on or after the date fixed for redemption, upon surrender of the Bond, a new Bond in principal amount equal to the unredeemed portion of the Bond will be issued. The notice of redemption shall also state that the interest on the Bonds, or portions of Bonds, in such notice designated for redemption shall cease to accrue from and after such date fixed for redemption and that on said date there will become due and payable on each of said Bonds, or portions of Bonds, the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

Section 3.04. *Deposit of Moneys for Redemption.* Unless and to the extent sufficient Trust Moneys have not otherwise been deposited in the Priority Account of the Debt Service Fund prior to any redemption date for the Senior Bonds or in the Subordinate Account of the Debt Service Fund for the Subordinate Bonds, the Issuer, or through it the Company, shall deposit with the Trustee an amount of money sufficient, together with other available Trust Moneys, to pay the redemption price of all Bonds to be redeemed on that date, which the Trustee shall deposit, together with other available Trust Moneys, in the Priority Account of the Debt Service Fund for the Senior Bonds or in the Subordinate Account of the Debt Service Fund for the Subordinate Bonds.

Section 3.05. *Effect of Notice of Redemption.* Notice having been given in the manner and under the conditions hereinabove provided, and moneys for payment of the redemption price being held by the Trustee as provided in Section 3.04 of this Indenture, (a) the Bonds, or portions of Bonds, so called for redemption shall, on the date fixed for redemption designated in such notice, become due and payable at the redemption price provided for redemption of such Bonds, or portions of Bonds, on such date and interest on the Bonds, or portions of Bonds, so called for redemption shall cease to accrue, (b) upon surrender of the Bonds, or portions of Bonds, so called for redemption in accordance with such notice, such Bonds, or portions of Bonds, shall be paid at the applicable redemption price, (c) such Bonds, or portions of Bonds, shall cease to be entitled to any lien, benefit or security under this Indenture, and (d) the Owners of said Bonds, or portions of Bonds, shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Section 3.06. *Bonds Redeemed in Part.* Any Bond which is to be redeemed only in part shall be surrendered to the Trustee (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Owner thereof or his attorney duly authorized in writing) and the appropriate officials of the Issuer shall execute and the Authenticating Agent shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds, of any Authorized Denomination, having the same maturity and interest rate, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 3.07. *Cancellation.* All Bonds which have been redeemed shall be cancelled and cremated or otherwise destroyed by the Trustee and shall not be reissued and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Trustee to the Issuer and the Company.

Section 3.08. *Extraordinary Mandatory Redemption.* The Senior Bonds are callable for redemption, in whole or in part, in the event the Company prepays Revenues pursuant to Section 8.2 of the Agreement, and the Trustee shall use moneys received by it pursuant to the provisions of Section 8.2 of the Agreement to so redeem the Senior Bonds. If the Senior Bonds are so redeemed in whole, the Trustee shall use any excess moneys remaining after such redemption to redeem Subordinate Bonds in the same manner at the same time. The Senior Bonds or Subordinate Bonds redeemed shall be subject to redemption through the application of such moneys, at any time (or if redeemed in part, on any Interest Payment Date) at a redemption price equal to 100% of the principal amount of the Senior Bonds or Subordinate Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption and without premium.

Section 3.09. *Optional Redemption.*

(a) The Series 1992A Bonds and the Series 1992C Bonds are subject to redemption at the option of the Issuer (which option shall be exercised as directed by the Company) in part on September 1, 2002 or on any Interest Payment Date thereafter or in whole on September 1, 2002 or at any time thereafter (less than all of such Series 1992A Bonds or Series 1992C Bonds to be selected as provided in Section 3.02 hereof), at the redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
September 1, 2002 through August 31, 2003	103 %
September 1, 2003 through August 31, 2004	102
September 1, 2004 through August 31, 2005	101
September 1, 2005 and thereafter	100

(b) The Series 1992B Bonds are not subject to redemption at the option of the Issuer.

(c) The procedure for redemption of the Bonds shall be as provided in Section 3.02 hereof.

Section 3.10. *Mandatory Sinking Fund Redemption.*

(a) The Series 1992A Bonds are subject to mandatory sinking fund redemption prior to maturity in part, with the Series 1992A Bonds to be redeemed being selected by lot by the Registrar in such manner as the Registrar may determine, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows:

<u>Redemption Date (September 1)</u>	<u>Principal Amount</u>	<u>Redemption Date (September 1)</u>	<u>Principal Amount</u>
1993	\$20,000	2008	\$150,000
1994	20,000	2009	160,000
1995	20,000	2010	180,000
1996	20,000	2011	195,000
1997	25,000	2012	215,000
1998	30,000	2013	235,000
1999	30,000	2014	260,000
2000	35,000	2015	285,000
2001	35,000	2016	310,000
2002	40,000	2017	345,000
2003	40,000	2018	375,000
2004	50,000	2019	410,000
2005	50,000	2020	455,000
2006	60,000	2021	495,000
2007	60,000	2022*	545,000

*Maturity

(b) The Series 1992B Bonds are subject to mandatory sinking fund redemption prior to maturity in part, with the Series 1992B Bonds to be redeemed being selected by lot by the Registrar in such manner as the Registrar may determine, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>
1993	\$15,000	1999	\$35,000
1994	15,000	2000	35,000
1995	20,000	2001	40,000
1996	25,000	2002	40,000
1997	25,000	2003	50,000
1998	25,000	2004*	35,000

*Maturity

(c) The Series 1992C Bonds are subject to mandatory sinking fund redemption prior to maturity in part, with the Series 1992C Bonds to be redeemed being selected by lot by the Registrar in such manner as the Registrar may determine, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>
2004	\$15,000
2005	60,000
2006	60,000
2007*	75,000

*Maturity

(d) With respect to any Bonds redeemed pursuant to subparagraphs (a), (b) or (c) above, at its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the Company, on behalf of the Issuer, may (1) deliver to the Trustee for cancellation Bonds or portions thereof (in Authorized Denominations) in any aggregate principal amount desired, or (2) receive a credit in respect of its mandatory sinking fund redemption obligation for any Bonds (in Authorized Denominations) which prior to said date have been purchased or redeemed (otherwise than through mandatory sinking fund redemption pursuant to this Section 3.10) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Bond or portion thereof so delivered or previously purchased or redeemed and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem Bonds on such mandatory sinking fund redemption date, and any excess over such amount shall be credited against future mandatory sinking fund redemption obligations in chronological order, and the principal amount of Bonds so to be redeemed shall be accordingly reduced.

The Issuer, at the request of the Company, will on or before the 45th day next preceding each such mandatory sinking fund redemption date furnish the Trustee with its certificate indicating whether or not and to what extent the provisions of (1) and (2) of the immediately preceding paragraph are to be availed of with respect to such mandatory sinking fund redemption payment.

[End of Article III]

ARTICLE IV

CREATION OF TRUST FUNDS; APPLICATION OF TRUST MONEYS; INVESTMENTS

Section 4.01. *Creation of Funds.* There are hereby created by the Issuer and ordered established the following trust funds and trust accounts to be held by the Trustee:

- (a) Acquisition and Construction Fund;
- (b) Cost of Issuance Fund, and within the Cost of Issuance Fund, a Tax-Exempt Account and a Taxable Account;
- (c) Revenue Fund;
- (d) Operating and Maintenance Fund;
- (e) Debt Service Fund, and within the Debt Service Fund, a Priority Account and a Subordinate Account;
- (f) Debt Service Reserve Fund;
- (g) Rebate Fund; and
- (h) Depreciation Reserve Fund.

The Trustee or the Issuer may also create such other Funds or Accounts as it deems necessary or desirable in the administration of this Indenture.

Section 4.02. *Deposit of Bond Proceeds.* From the Series 1992A Bond proceeds, \$515,000 shall be deposited in the Debt Service Reserve Fund; and \$4,635,000 shall be deposited in the Acquisition and Construction Fund. From the Series 1992B Bond proceeds, \$360,000 shall be deposited in the Taxable Account of the Cost of Issuance Fund. From the Series 1992C Bond proceeds, \$107,200 shall be deposited in the Tax-Exempt Account of the Cost of Issuance Fund; and \$102,800 shall be deposited in the Acquisition and Construction Fund.

Section 4.03. *Trust Moneys.* All Trust Moneys shall be held by the Trustee as a part of the Trust Estate, and, upon the exercise by the Trustee of any remedy specified in this Indenture, such Trust Moneys shall be applied in accordance with Section 6.09 hereof, except to the extent that the Trustee is holding Trust Moneys or Permitted Investments for the payment of Bonds which are no longer deemed to be Outstanding under the provisions of this Indenture which Trust Moneys or Permitted Investments shall be applied only as provided in this Indenture. Prior to the exercise of any such remedy, all or any part of the Trust Moneys shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in Article IV and in Article XI of this Indenture.

Section 4.04. *Investments.* The Trustee shall invest to the extent reasonably possible all Trust Moneys on hand from time to time as specified in a Written Request of the Company Representative in Permitted Investments.

Such investments shall be made so as to mature or be subject to redemption at the option of the Company on or prior to the date or dates that the Company or the Trustee anticipates that moneys therefrom will be required. The Trustee may trade with itself or its affiliates in the purchase and sale of such investments, and the Trustee shall not be liable or responsible for any loss resulting from any such investment. Such investments shall be registered in the name of the Trustee. The Trustee may invest in investments through its own bond department, and Trust Moneys may be deposited in time deposits, or in certificates of deposit issued by the Trustee or its affiliates.

Each investment shall be credited to the Fund in which it is held, subject to any other provision of this Indenture directing some other credit, but income on such Permitted Investments shall be held or transferred, as received, in accordance with this Article IV.

The Trustee shall, without further direction from the Issuer or the Company, sell or present for redemption such investments whenever it shall be necessary in order to provide money to make any payment required hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such sale. All Funds and Accounts shall be valued immediately (a) after each Interest Payment Date and (b) upon any withdrawal from the Debt Service Reserve Fund. In computing the amount in any Fund or Account held under the provisions of this Indenture, obligations purchased as an investment of moneys therein shall be valued at the market value thereof, exclusive of accrued interest. Where market prices for obligations held hereunder are not readily available, the market price for such obligations may be determined in such manner as the Trustee deems reasonable. Any loss on investments in any Fund or Account created hereunder shall be charged to the Fund or Account in which such investment was held. To the extent any loss on investments in any Fund or Account reduces the amount of Trust Moneys or the value of investments in such Fund or Account below the amount of Trust Moneys or the value of investments then required to be on hand in such Fund or Account pursuant to the Agreement or this Indenture, such loss is to be made up by the Company in the manner set forth in Section 9.11 of the Agreement. Any moneys paid to the Trustee by the Company for such purpose shall be deposited in the Fund or Account with respect to which, and to the extent that, such loss was incurred. To the extent any gain on investments in any Fund or Account increases the amount of Trust Moneys or the value of investments in such Fund or Account above the amount of Trust Moneys or the value of investments then required to be on hand in such Fund or Account pursuant to the Agreement or this Indenture, the Trustee shall notify the Company and the Company may instruct the Trustee to, and the Trustee shall, reduce the amount of obligations in such Fund or Account by the excess therein or restrict the yield on the excess amount in accordance with the Code.

Section 4.05. *Revenue Fund.*

(a) The Trustee will cause all Revenues required to be paid by the Company pursuant to Section 5.1 of the Agreement or paid on the Company's behalf to be deposited in the Revenue Fund. There will also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to this Indenture or any Supplemental Indenture and any other amounts available therefor and designated by the Company to be deposited therein.

(b) The Trustee will cause disbursements to be made from the Revenue Fund in the following order of priority:

FIRST: As the cash portion of Revenues is received in each month, to the Operating and Maintenance Fund (i) an amount such that the aggregate amount deposited therein each month equals 1/12th of the Operating Expenses shown in the Operating

Budget for the current Fiscal Year plus (ii) all amounts due under (i) in preceding months that were not transferred because of an insufficiency in the Revenues therefor;

SECOND: Beginning on the last Business Day of each Tax Year and until the full amount is so paid, to the Rebate Fund, any amount as calculated by the Rebate Analyst required to be deposited into the Rebate Fund or the Rebate Principal Account in the Rebate Fund;

THIRD: On or before October 20, 1992 and on or before the 20th day of each month thereafter through and including February 20, 1993, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/5th of the interest due on the Senior Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/5th of the interest due on the Senior Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund;

FOURTH: On or before October 20, 1992 and on or before the 20th day of each month thereafter through and including August 20, 1993, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/11th of the principal coming due on the Senior Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/11th of the principal coming due on the Senior Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund;

FIFTH: On or before the 20th day of each month, to the Debt Service Reserve Fund, an amount equal to the aggregate sum of all unreplenished withdrawals from the Debt Service Reserve Fund to pay the principal of or interest on the Bonds;

SIXTH: On or before the 20th day of each month, to the Depreciation Reserve Fund, an amount equal to (i) the aggregate sum of all unreimbursed transfers from the Depreciation Reserve Fund to the Operating and Maintenance Fund plus (ii) the sum of accumulated depreciation on the Facilities, as certified to the Trustee by the Company on the date hereof and as may be recertified from time to time, which has not previously been deposited into the Depreciation Reserve Fund plus (iii) 1/12th of the Operating

Budget for the then current Fiscal Year less (iv) cumulative "cross-over" adjustments" to date (as certified to the Trustee by the Company). "Cross-over adjustments" begin at the "cross-over year," as such year is certified to the Trustee by the Company in writing and are determined for such year and each succeeding year. The "cross-over year" is the year on which the annual principal payment on the Bonds paid in such year exceeds the annual depreciation expense of the Facilities accrued in such year as shown on the Company's audited financial statements. The annual cross-over adjustment for each year is calculated as the amount, if any, by which the annual principal payment on the Bonds paid in such year exceeds the annual depreciation expense of the Facilities accrued in such year as shown on the Company's audited financial statements;

SEVENTH: On or before the 20th day of each month, to the Manager, an amount sufficient to discharge the obligations of the Company as to payment of the Management Fee owing in that month and repayment of cash advances made by the Manager in the current Fiscal Year as certified to the Trustee by the Company;

EIGHTH: On or before the 20th day of each month, to the Company, (i) an amount initially equal to \$2,500 (initially, a total of \$30,000 per annum) which amount will be adjusted upward annually on each September 1, beginning September 1, 1993, in step with inflation as measured by the "Consumer Price Index" announced from time to time by the United States Department of Labor and as calculated by the Company and certified to the Trustee by the Company, or such other substitute index agreed upon by the Company and the Trustee plus (ii) all amounts due under (i) in preceding months that were not transferred because of an insufficiency in the Revenues thereof;

NINTH: On or before November 20, 1992 and on or before the 20th day of each month thereafter through and including February 20, 1993, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/4th of the interest due on the Subordinate Bonds to the next Interest Payment Date and (ii) all amounts due as to the interest on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/4th of the interest due on the Subordinate Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Subordinate Bonds on the 20th of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund;

TENTH: On or before November 20, 1992 and on or before the 20th day of each month thereafter through and including August 20, 1993, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/10th of the principal coming due on the Subordinate Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Subordinate Account

of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/10th of the principal coming due on the Subordinate Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund.

ELEVENTH: On or before the 20th day of each month, to the Manager to discharge the obligations of the Company as to payment of any Management Fee due under *SEVENTH* above which remain unpaid because of an insufficiency in the Revenues available therefor and repayment of cash advances made by the Manager from preceding Fiscal Years; and

TWELFTH: On or before the 20th day of each month, to the Depreciation Reserve Fund, any amount remaining in the Revenue Fund after the transfers described in *FIRST* through *ELEVENTH* above.

Section 4.06. *Debt Service Fund.*

(a) There will be deposited in the Priority Account and the Subordinate Account of the Debt Service Fund any amounts required to be deposited therein pursuant to this Indenture and any other amount available therefor and designated by the Company to be deposited in either Account.

(b) The Trustee will disburse amounts deposited in the Debt Service Fund as follows:

(i) On each Interest Payment Date, to the Owners of the Senior Bonds from the Priority Account, an amount equal to interest due on the Senior Bonds on such date.

(ii) Subject to the provisions hereof requiring the application thereof to the payment or redemption of any particular Senior Bond, on each Bond Payment Date, to the Owners of the Senior Bonds from the Priority Account, the amounts required for the payment of the principal coming due on the Senior Bonds on such date.

(iii) On each date on which Senior Bonds are to be redeemed, to the Owners of the Senior Bonds from the Priority Account, the amount required for redemption of Senior Bonds called for redemption.

(iv) On each Interest Payment Date, to the Owners of the Subordinate Bonds from the Subordinate Account, an amount equal to interest due on the Subordinate Bonds on such date.

(v) Subject to the provisions hereof requiring the application thereof to the payment or redemption of any particular Subordinate Bond, on each Bond Payment Date, to the Owners of the Subordinate Bonds from the Subordinate Account, the amounts required for the payment of the principal coming due on the Subordinate Bonds on such date.

(vi) On each date on which Subordinate Bonds are to be redeemed, to the Owners of the Subordinate Bonds from the Subordinate Account, the amount required for redemption of Subordinate Bonds called for redemption.

Except as otherwise specifically provided herein, the Trustee has no obligation to purchase or attempt to purchase Bonds at a price below the redemption price, principal amount or at any other price, and any arms length purchase by the Trustee, effected with the prior written consent of the Company, will conclusively be deemed fair and reasonable.

(c) In the event that on any Interest Payment Date or Bond Payment Date there is a deficiency in the Priority Account of the Debt Service Fund, the amount of such deficiency will be made up from the following Funds and in the order of priority set forth below:

- (i) Debt Service Reserve Fund;
- (ii) Depreciation Reserve Fund;
- (iii) Operating and Maintenance Fund; and
- (iv) Revenue Fund.

Deficiencies in the Subordinate Account of the Debt Service Fund will be made up solely from the Depreciation Reserve Fund and only after any deficiency in the Priority Account of the Debt Service Fund and the Debt Service Reserve Fund has been eliminated.

Section 4.07. Operating and Maintenance Fund.

(a) There will be deposited in the Operating and Maintenance Fund all amounts required to be deposited therein pursuant to this Indenture and any other amounts available therefor and designated by the Company to be deposited therein.

(b) Amounts in the Operating and Maintenance Fund will be (i) applied to the payment of Operating Expenses, as from time to time requested by the Company, consistent with the Operating Budget, and (ii) transferred to the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities established in Section 4.06 hereof. In no event will the aggregate disbursements from the Operating and Maintenance Fund in each Fiscal Year, excluding any amounts transferred to the Debt Service Fund as provided in Section 4.06 hereof, exceed the amount provided therefor in the Operating Budget.

(c) In the event that a payment from the Operating and Maintenance Fund to the Debt Service Fund is required in accordance with the priorities established in Section 4.06 hereof, the amount of such payment will be added to the amount otherwise required to be paid to the Operating and Maintenance Fund as provided in Section 4.05 hereof.

Section 4.08. Debt Service Reserve Fund. The Trustee shall deposit in the Debt Service Reserve Fund all amounts required to be deposited therein pursuant to this Indenture, any other amount available therefor and designated by the Company to be deposited therein and any other amounts deposited with the Trustee for deposit in the Debt Service Reserve Fund.

Trust Moneys deposited in the Debt Service Reserve Fund shall be used and withdrawn by the Trustee for the purpose of paying the last maturing principal of and the interest on the Senior Bonds, whether at the stated payment date or by redemption of Senior Bonds; provided, however, that whenever and to the extent that moneys in the Priority Account of the Debt Service Fund are insufficient for the purpose of paying principal of and interest on the Senior Bonds, whether or not at the redemption date therefor, moneys on deposit in the Debt Service Reserve Fund shall be withdrawn by the Trustee and used for such purposes in accordance with the order of priorities set forth in Section 4.06 hereof. The Trustee shall notify the Issuer upon withdrawal of amounts on deposit in the Debt Service Reserve Fund. If at any time the amount on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, such excess shall be transferred to the Revenue Fund. The Debt Service Reserve Fund is not available to pay the principal of, premium (if any) or interest on the Subordinate Bonds.

Section 4.09. *Depreciation Reserve Fund.*

(a) The Trustee shall deposit in the Depreciation Reserve Fund all amounts required to be deposited therein pursuant to this Indenture and any other amount available therefor and designated by the Company to be deposited therein.

(b) Amounts in the Depreciation Reserve Fund will be applied for the following purposes:

(i) payment of the cost of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the Facilities, or paying any extraordinary maintenance and repair, or any expenses which are not Operating Expenses or Management Fees;

(ii) payment of the cost of any depreciable asset;

(iii) repayment of debt incurred in connection with capital improvements to the Facilities or any portions thereof;

(iv) payment into the Priority Account of the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities established in Section 4.06 hereof;

(v) payment of Operating Expenses to the extent of any deficiency in the Operating and Maintenance Fund therefor; and

(vi) payment into the Rebate Fund in accordance with Section 4.10 hereof.

(c) The Trustee will make disbursements from the Depreciation Reserve Fund for the purposes set forth above by the filing from time to time of requisitions in the form attached hereto as Exhibit D signed by a Company Representative. Each requisition will set forth the purpose for which the disbursement is to be made and will state that the work has been performed or that materials, supplies or equipment have been delivered, installed or fabricated or that the payment of principal of or interest on a loan is due, as appropriate.

Section 4.10. *Rebate Fund.*

(a) Amounts on deposit in the Rebate Fund shall be held by the Trustee and shall not be subject to the pledge of this Indenture.

(b) Not later than 60 days after the end of the fifth Tax Year and every fifth Tax Year thereafter, the Trustee shall, at the written direction of the Company, pay to the United States at least 90% of the amount specified in writing by the Rebate Analyst as required to be on deposit in the Rebate Fund as of such payment date. Not later than 60 days after the final retirement of the Bonds, the Trustee shall pay to the United States 100% of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States pursuant to this Section 4.10 shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by a copy provided by the Issuer of the Form 8038 originally filed with respect to the Bonds and a statement prepared by the Rebate Analyst and provided by the Issuer to the Trustee summarizing the determination of the amount to be paid to the United States of America. Records of the actions required to be taken by the Trustee by this Section 4.10 must be retained by the Trustee until six (6) years after the last Bond is no longer Outstanding.

(c) Notwithstanding any provision of this Indenture to the contrary, unless otherwise agreed in a separate agreement, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purposes of complying with Sections 143 or 148 of the Code or any applicable Treasury Regulations, including, without limitation, the calculation of amounts required to be paid to the United States and the provisions of said Sections 143 or 148 of the Code and the applicable Treasury Regulations, the maximum amount which may be invested in "nonpurpose obligations" as defined in the Code and the fair market value of any investments made hereunder; and the sole obligation of the Trustee with respect to this Article IV shall be to invest the moneys received by the Trustee in Permitted Investments pursuant to the instructions of the Company in accordance with the provisions of Section 4.04 hereof, to make the deposits to and withdrawals from the Rebate Fund pursuant to the directions of the Rebate Analyst in accordance with the provisions of this Section 4.10 and to deliver to the United States Government the funds and certificates specified in written directions furnished to the Trustee pursuant to this Section 4.10.

Section 4.11. *Trust Moneys Not Subject to Lien; Reports.* All Trust Moneys shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the Issuer, the Trustee or the Company. Such Trust Moneys shall be held in trust and applied in accordance with the provisions of this Indenture. The Trustee shall furnish the Company monthly an accounting of all investments.

Section 4.12. *Repayment to Company.* Any amounts remaining in any Fund or Account established under this Indenture other than the Rebate Fund after payment in full of the principal of, premium, if any, and interest on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee, the Paying Agent, the Authenticating Agent, the Registrar and the Issuer and all other amounts required to be paid hereunder shall be promptly paid to the Company.

Section 4.13. *Cost of Issuance Fund.* The Trustee shall deposit moneys into the Cost of Issuance Fund as provided herein. Moneys in the Tax-Exempt Account of the Cost of Issuance Fund shall be used to pay the costs of issuing the Senior Bonds. Moneys in the Taxable Account of the Cost of Issuance

Fund shall be used to pay the costs of issuing the Subordinate Bonds and then the Senior Bonds. Such costs include all printing expenses in connection with this Indenture, the Agreement, the Limited Offering Statement for the Bonds and the Bonds, blue sky fees and expenses, legal fees and expenses of counsel to the Issuer, bond counsel, counsel to the Company, counsel to the Manager, other counsel, counsel to the purchaser or purchasers of the Bonds, any accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds, the Trustee's initial fee and expenses (including attorney's fees) and State license fees, upon the submission of requisitions by the Company signed by a Company Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Bonds. Any funds remaining in either Account of the Cost of Issuance Fund six months after having been deposited therein shall be transferred to the Debt Service Fund.

Section 4.14. *Acquisition and Construction Fund.* The money in the Acquisition and Construction Fund shall be held by the Trustee in trust and subject to the provisions of Section 4.18 of this Indenture, shall be applied to the payment of the Cost of the Facilities (as set forth and defined in Section 4.17 hereof) and, pending such application, shall be subject to a lien and charge in favor of the Owners of the Senior Bonds and for the further security of such Owners of the Senior Bonds until paid out or transferred as herein provided.

Section 4.15. *Payments from Acquisition and Construction Fund.* Payment of the Cost of the Facilities shall be made from the Acquisition and Construction Fund. All payments from the Acquisition and Construction Fund shall be subject to the provisions and restrictions set forth in this Article IV, and the Issuer covenants that it will not cause or permit to be paid from the Acquisition and Construction Fund any sums except in accordance with such provision and restrictions.

Section 4.16. *Cost of Facilities.* For the purpose of this Indenture, the Cost of the Facilities shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following (collectively, "Cost"):

(a) obligations incurred by the Company for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Facilities, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures and the clearing of lands;

(b) the cost of acquiring by purchase, if deemed expedient, such stock, lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Company Representative, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the construction of the Facilities;

(c) the reasonable fees and expenses of the Trustee for its services prior to and during construction, and premiums on insurance, if any, in connection with the Facilities;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Facilities and fees and expenses of engineers, architects and consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and

expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relations to the acquisition and construction of the Facilities and the issuance of the Bonds therefor;

(e) legal expenses and fees, financing charges, expenses of recordation of legal instruments, cost of preparation of any feasibility study or report, cost of audits and of preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section 4.16 specified incident to the acquisition, construction and equipping of the Facilities and the financing thereof, including, without limitation, moving expenses and the acquisition of lands, property, rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of acquisition and expenses of administration, all properly chargeable, in the opinion of the Company Representative, to the acquisition, construction and equipping of the Facilities; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Issuer or the Company for any of the foregoing purposes.

Section 4.17. *Requisitions from Acquisition and Construction Fund.* Payments from the Acquisition and Construction Fund shall be made in accordance with the provisions of this Section 4.17. Before any such payment shall be made, there shall be filed with the Trustee:

(a) a requisition, signed by the Company Representative, stating:

(i) the item number of each such payment,

(ii) the name of the person, firm or corporation to whom each such payment has been or should be made,

(iii) the respective amounts paid or to be paid, excluding any applicable sales tax,

(iv) the purpose by general classification for which each obligation paid or to be paid was incurred,

(v) that obligations in the stated amounts have been incurred by the Company and have been paid or are presently due and payable and that each item thereof is a proper charge against the Acquisition and Construction Fund, and

(vi) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of the respective amounts stated in such requisition, has been filed or attached or, if any of the foregoing have been filed or attached, that the same will be satisfied or discharged or that provisions have been made (which shall be specified) to adequately protect the Trustee and the Owners from incurring any loss as a result of the same.

(b) Notwithstanding the provisions set forth in Section 4.17(a) hereof, funds shall be transferred from the Acquisition and Construction Fund to the Priority Account of the Debt Service Fund to pay a portion of the cost of interest accruing on the Senior Bonds during the acquisition and improvement of the Facilities and for a period not exceeding two years after the estimated date of completion thereof if the Trustee shall receive telephonic (to be confirmed in

writing by a Company Representative) or written notice from the Company Representative stating the amount of funds to be so transferred.

Upon receipt of each requisition and accompanying certificate or, in the case of payments to be made with respect to interest on the Senior Bonds upon receipt of written or telephonic notice, the Trustee shall pay the obligations set forth in such requisition or notice out of money in the Acquisition and Construction Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Trustee designated for such purpose by the Trustee. In making such payments the Trustee may rely upon such requisitions. If for any reason the Company should decide prior to the payment of any item in a requisition not to pay such item, it shall give telephonic (to be confirmed in writing by a Company Representative) or written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment.

Section 4.18. *Reliance Upon Requisitions.* All requisitions and opinions received by the Trustee as conditions of payment from the Acquisition and Construction Fund may be relied upon by the Trustee and shall be retained by the Trustee, subject at all reasonable times to examination by the Issuer and the Company.

Section 4.19. *Completion of the Facilities and Disposition of Acquisition and Construction Fund Balance.* When the construction and acquisition of the Facilities shall have been completed, which fact shall be evidenced to the Trustee and the Issuer by an Officer's Certificate of the Company delivered to the Trustee and the Issuer, the balance in the Acquisition and Construction Fund shall be transferred by the Trustee to the Priority Account of the Debt Service Fund.

[End of Article IV]

ARTICLE V

COVENANTS OF THE ISSUER AND THE TRUSTEE

Section 5.01. *Maintenance of Insurance and Use of Insurance Proceeds.* The Company has agreed to procure and maintain certain insurance under the Agreement. The Issuer and the Trustee covenant that proceeds of all insurance or condemnation awards shall be distributed or utilized in the manner and subject to the conditions set forth in the Agreement.

Section 5.02. *Payment of Bonds.* The Issuer and the Trustee covenant that they will promptly pay the principal of, premium, if any, and interest on every Bond issued under the provisions of this Indenture at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof; provided, however, that the performance of the obligations and any liability imposed by this Section 5.02 shall be limited solely to the Trust Estate, including the Revenues, and other revenues and receipts derived from the Agreement, and the Issuer and the Trustee shall not be responsible for any obligation or liability under this Section 5.02 except to the extent of the Trust Estate and such Revenues and other revenues and receipts.

Section 5.03. *Sufficiency of Revenues.* The Issuer covenants that while any Bonds are Outstanding hereunder, the Agreement will provide for payment of Revenues by the Company which, if made, will be sufficient to make all payments which the Trustee is obligated to set aside in the various Funds and Accounts established under Section 4.01 of this Indenture.

Section 5.04. *Records of Receipts and Disbursements.* The Issuer hereby appoints the Trustee to keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts and disbursements received or disbursed according to this Indenture, and such books shall be available for inspection by the Owner of any of the Bonds at reasonable hours and under reasonable conditions.

Section 5.05. *Monthly and Annual Statements of Transactions.* Each month the Trustee shall prepare a statement for such month of all transactions relating to the Trust Moneys and the application and allocation of the revenues thereof, and the Trustee shall furnish to each Owner of any of the Bonds who may so request, to the Company and to the Issuer a copy of such statement and, if requested in writing by the Owners of not less than 25% of the Outstanding Senior Bonds or Outstanding Subordinate Bonds, the Trustee shall also furnish to such Owners and the Issuer at the end of any Fiscal Year a complete financial statement covering such transactions involving Trust Moneys, certified as of the end of the Fiscal Year by a responsible officer of the Trustee. The Trustee shall at all times during ordinary business hours have access to the books and records of the Issuer insofar as such books and records relate to the Facilities. The records of the Trustee pertaining to this Indenture shall be available to and open for inspection by any Owner at all times during ordinary business hours, and the Issuer covenants that it shall promptly furnish the Trustee such additional information as is deemed necessary by the Trustee to carry out the provisions of this Indenture and the trust created hereby.

Section 5.06. *Payment of Fees and Charges of Trustee, Registrar, Paying Agent and Authenticating Agent.* Subject to Sections 6.09 and 7.06 hereof, all charges made by the Trustee, the Registrar, the Paying Agent and the Authenticating Agent for services rendered and for payment of principal of, premium, if any, and interest on the Bonds (not paid by the Company), will be paid by the Issuer from Revenues and will not be required to be paid by the Owners of the Bonds.

Section 5.07. *Assignment of Revenues and Creation of Other Liens.* The Issuer covenants and agrees that it will not assign, transfer or hypothecate (other than to the Trustee hereunder) any Revenues then due or to accrue in the future under the Agreement. The Issuer further covenants and agrees that it will not create or consent to the creation or existence of any lien upon the Trust Estate other than as permitted by this Indenture.

Section 5.08. *Validity of Agreement.* The Issuer covenants that the Agreement when executed and delivered by the Issuer and the Company will be a valid and binding contract of the terms therein set forth; that the Agreement will be lawfully made by the Issuer; that the covenants of the Issuer contained in the Agreement and this Indenture are valid and binding; that the Issuer has good right, full power and lawful authority to grant, bargain and assign, and to transfer in trust, convey and pledge the Trust Estate in the manner and form herein provided; and that the Issuer will, at the expense of the Company, warrant and defend the title to the same to the Trustee against the claims of all persons whomsoever.

Section 5.09. *Covenants of Issuer Concerning Enforcement of Agreement.* The Issuer covenants that it will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements to be kept, performed and complied with by it. The Issuer further covenants that it will not do or consent to anything being done, or omit or refrain from doing anything in any case where any such act done or consented to, or any such omission of or refraining from action would or might be a ground for declaring a default under the Agreement; that the Issuer will not do or consent to anything being done that might result in the Company's failure to pay any taxes, assessments or other charges, if any, that may be levied, assessed or charged upon the Trust Estate, or any part thereof, promptly as and when the same shall become due and payable, but it shall not be a breach of this covenant if the Company fails to pay any such tax, assessment or charge during any period during which the Company, in good faith, shall be contesting the amount or validity of such tax, assessment or charge as provided in the Agreement; and that the Issuer will not do or consent to anything being done that might result in said Trust Estate, or any part thereof, to be forfeited therefor, the weakening, diminishment or impairment of the security intended to be given by or under this Indenture or any portion of the Trust Estate to be sold under any mechanic's lien or other proceeding.

Section 5.10. *Curing of Defects in Title to Trust Estate.* The Issuer further covenants and agrees that it will not do or consent to anything being done that might result in the Company's failure to take such prompt actions as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Trust Estate or any part thereof, whether now existing or hereafter developing, and to prosecute all such suits, actions and other proceedings as may be appropriate for such purposes and that it will not do or consent to anything being done that might result in the Company's failure to indemnify and save the Trustee, the Issuer and every Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 5.11. *Execution of Additional Documents.* The Issuer will, at the expense of the Company, but without expense to the Trustee or the Owners of the Bonds, do, execute, acknowledge and deliver or cause to be done, acknowledged and delivered all and every such further acts, conveyances, assignments, transfers and assurances as the Trustee shall require, for the better assuring, conveying, assigning and confirming unto the Trustee all and singular the Trust Estate hereby conveyed or assigned or intended to so be, or which the Issuer may be or may hereafter become bound to convey or assign to the Trustee, or for carrying out the intention or facilitating the performance of the terms of this Indenture or the Agreement.

Section 5.12. *Filing and Recordation.* The Trustee, forthwith upon the execution and delivery of this Indenture and thereafter from time to time, will cause this Indenture, and each supplement hereto, and all financing statements, continuation statements and other instruments required by applicable law and necessary in connection therewith to be filed, registered and recorded and refiled, reregistered and rerecorded as a lien upon the Trust Estate, in such manner, in such places and at such times as may be required by any present or future law in order to publish notice of and fully protect the lien hereof, and the interest of the Trustee in the Trust Estate, and in order to entitle the Bonds then Outstanding to the intended benefits and security of this Indenture, and will cause the Agreement and any supplements thereto to be filed, registered or recorded and refiled, reregistered or rerecorded in such manner, in such places and at such times as may be required by law in order to publish notice and fully protect the validity thereof, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all further instruments which may be necessary for such publication, protection and entitlement. The Trustee will cause the Company to pay all filing, registration and recording taxes and fees incident to such filing, refiled, registration, reregistration, recording and rerecording and all expenses incidental to the preparation, execution and acknowledgment of this Indenture, the Agreement, any instrument of further assurance and any supplements to any of said instruments and all federal or state stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Indenture, the Agreement, the Bonds, any instrument of further assurance and any supplements to any of said instruments.

Section 5.13. *Limitation of Obligations of Issuer.* Any performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all warranties and other covenants hereunder, shall be limited solely to the Trust Estate, including revenues and receipts derived from the Agreement, and the Issuer and its officers and directors shall not be responsible for its or their duties, obligations, powers or covenants hereunder except to the extent of the Trust Estate.

Section 5.14. *Tax-Exempt Nature of Interest on Bonds.* The Issuer, as to matters under its control, and the Trustee each covenant and agree for the benefit of the Owners of the Tax-Exempt Bonds that neither will permit anything to be done or act in such manner as would result in loss of exclusion of interest on the Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes, nor will either use any of the proceeds received from the sale of the Tax-Exempt Bonds or any moneys deemed to be proceeds of the Tax-Exempt Bonds, directly or indirectly, in any manner which would result in the Tax-Exempt Bonds being classified as "arbitrage bonds" within the meaning of Section 148(c)(2) of the Code and the regulations thereunder. In addition, the Issuer covenants that (1) it will not enter into any management contract or approve any management contract submitted by the Company other than the one executed on the date hereof with respect to the Facilities unless it obtains an opinion of Bond Counsel that such management contract will not impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds and (2) not more than 2% of the proceeds of the Tax-Exempt Bonds will be used for the costs of issuance relating to the Tax-Exempt Bonds.

[End of Article V]

ARTICLE VI

EVENTS OF DEFAULT; REMEDIES

Section 6.01. *Events of Default.* The term "Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Default in the payment of any interest upon any Senior Bond when it becomes due and payable;

(b) Default in the payment of the principal of (or premium, if any) on any Senior Bond when the same becomes due and payable;

(c) Default in the performance, or breach, of any covenant or warranty or representation of the Issuer contained in this Indenture (other than a covenant or warranty a default in the performance of which or the breach of which is elsewhere in this Section 6.01 specifically dealt with) for a period of 30 days after the date on which written notice of such failure, requiring same to be remedied, shall have been given to the Issuer and the Company by the Trustee, or to the Issuer, the Company and the Trustee by the Owners of at least 25% in aggregate principal amount of Senior Bonds Outstanding, or in the case of any such default which can be cured by the Company but cannot reasonably be cured within such 30-day period, if corrective action is initiated by the Company within such 30-day period and diligently pursued until the default is corrected;

(d) If there are no Senior Bonds Outstanding, default in the payment of any interest on any Subordinate Bond when it becomes due and payable;

(e) If there are no Senior Bonds Outstanding, default in the payment of the principal of (or premium, if any) on any Subordinate Bond when the same becomes due and payable; or

(f) The occurrence and continuation of an "Event of Default" as defined in Section 7.1 of the Agreement.

Section 6.02. *Right To Cure.* If the Issuer shall, for whatever reason, at any time fail to perform any act or pay any amount which it is obligated to perform or pay and, as a result, an Event of Default occurs or is threatened, the Company shall have the right to perform such act or pay such amount on behalf of the Issuer and thereby prevent or cure the Event of Default.

Section 6.03. *Acceleration of Maturity.* If an Event of Default occurs and is continuing, then and in every such case the Trustee may, and upon the written request to the Trustee by the Owner or Owners of not less than a majority in aggregate principal amount of the Senior Bonds then Outstanding shall, declare the principal of all the Senior Bonds and the interest accrued thereon to be due and payable immediately or, if no Senior Bonds are Outstanding, declare the principal of all the Outstanding Subordinate Bonds and interest accrued thereon to be due and payable immediately; provided, however, that no Bonds shall be accelerated under this Section 6.03 unless and until the Trustee shall have exercised the remedy specified in Section 7.1 of the Agreement, and provided further that no Senior Bonds shall be accelerated under this Section 6.03 because of an Event of Default with respect to the Subordinate Bonds.

At any time after such a declaration of acceleration has been made, but before the Trustee has exercised any other remedy specified herein or in the Agreement, the Trustee, by written notice to the Issuer and the Company, shall rescind and annul such declaration and its consequences if:

(a) there has been paid to or deposited with the Trustee by or for the account of the Issuer, or provision satisfactory to the Trustee has been made for the payment of, a sum sufficient to pay:

(i) all overdue installments of interest on all Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds;

(ii) the principal of (and premium, if any) on any Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate of interest borne by the respective Senior Bonds or Subordinate Bonds;

(iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate of interest borne by the respective Senior Bonds or Subordinate Bonds;

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel up to the date of the written notice; and

(b) all Events of Default, other than the nonpayment of the principal of and interest on the Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds which principal and interest have become due solely by such acceleration, have been cured, or, as to an Event of Default under the Agreement, waived as provided in this Article VI.

No such rescission and amendment shall affect any subsequent default or impair any right consequent thereon.

Section 6.04. *Additional Remedies.* The Trustee, in case of the happening of an Event of Default, may, and upon the written request of the Owners of not less than a majority in principal amount of the Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds, and upon being indemnified to its satisfaction, shall (a) exercise any or all rights of the Issuer under the Agreement, and (b) proceed to protect and enforce its rights and the rights of the Owners of the Bonds under this Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or therein or in aid of the execution of any power herein or therein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee may deem most effectual to protect and enforce any of the rights or interests of the Owners of the Bonds under the Bonds or this Indenture.

Section 6.05. *Trustee May File Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, the Company or any other obligor upon the Bonds or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer or the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

The Trustee is hereby appointed, and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or in behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Issuer, the Company or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Company or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

Section 6.06. *Trustee May Enforce Claims Without Possession of Bonds.* All rights of action and claims under this Indenture, the Bonds or the Agreement may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as trustee of an express trust, and any recovery of judgment shall, after provision for payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of Owners of the Bonds in respect of which such judgment has been recovered.

Section 6.07. *Waiver of Rights Upon Foreclosure of Indenture.* Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of this Indenture, and this Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all rights of appraisal and redemption to which it may be entitled under the laws of the State.

Section 6.08. *Notice of Defaults; Opportunity of the Issuer and the Company to Cure Defaults.* Anything herein to the contrary notwithstanding, no default (other than (a) a default under Section 6.01(a), Section 6.01(b), Section 6.01(d), Section 6.01(e) or Section 6.01(f) hereof, (b) failure to pay Revenues as required by Section 5.1 of the Agreement or (c) loss of tax-exempt status of interest on the Tax-Exempt Bonds as a result of a violation or breach by the Company of any covenant in the Agreement, to which this Section 6.08 shall not be applicable) shall constitute an Event of Default until

actual notice of such default by registered or certified mail shall be given by the Trustee or by the Owners of not less than 25% of the aggregate principal amount of the Senior Bonds then Outstanding to the Company and the Issuer or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds, and the Company and the Issuer shall have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Company or demanded by the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Company under the provisions of this Section 6.08, the Issuer hereby grants the Company full authority on behalf of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

Section 6.09. *Application of Trust Moneys.* Trust Moneys, including proceeds or avails of any sale or other disposition of the Trust Estate or any part thereof pursuant to this Article VI, shall be paid to and applied by the Trustee as follows:

(a) To the payment of costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made hereunder by the Trustee or by any Owner or Owners of the Senior Bonds, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior liens subject to which said sale may have been made.

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

FIRST: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference.

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due and payable (other than Senior Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on the principal amount of the Senior Bonds from the respective dates upon which the Senior Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Senior Bonds due and payable on any particular date, together with the interest, then to the payment first of the interest, ratably, according to the amount of the interest due on that date, and then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the person entitled thereto without any discrimination.

THIRD: as a deposit to the Revenue Fund and application in accordance with Section 4.05(b) hereof.

(ii) If the principal of all the Senior Bonds shall have become or shall have been declared due and payable, all the moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond or Senior Bonds, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds and then to the payment of the principal of and interest on the Subordinate Bonds in the same manner.

(iii) If no Senior Bonds are Outstanding and the principal of all the Subordinate Bonds shall have become or shall have been declared due and payable, all the moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond or Subordinate Bonds, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Bonds.

(iv) The surplus, if any, shall be paid to the Issuer if it shall then own the Facilities, otherwise, to the Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Whenever moneys are to be applied pursuant to the provisions of this Section 6.09, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 6.10. *Limitation on Suits.* No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Agreement, or for the appointment of a trustee, or for any remedy hereunder or thereunder, unless:

(a) such Owner shall previously have given written notice to the Trustee of a continuing Event of Default;

(b) the Owner or Owners of not less than 25% in principal amount of Senior Bonds or Subordinate Bonds, as the case may be, then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee;

(c) such Owner or Owners shall have offered the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee, for 60 days after its receipt of such written request and offer of indemnity, has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owner or Owners of a majority in principal amount of Senior Bonds then Outstanding or, if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right, in any manner whatever, by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Owners of Bonds or to obtain or seek to obtain priority or preference over any other Owners of Bonds or to enforce any right under this Indenture or the Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of Senior Bonds or Subordinate Bonds, respectively, then Outstanding.

Section 6.11. *Control by Owners.* The Owners of a majority in principal amount of Senior Bonds at the time Outstanding or, if no Senior Bonds are Outstanding, the Owners of a majority in principal amount of Subordinate Bonds Outstanding, shall have the right, during the continuance of an Event of Default,

(a) to require the Trustee to proceed to enforce this Indenture or the Agreement, either by judicial proceedings for the enforcement of the payment of the Senior Bonds or Subordinate Bonds, respectively, or the enforcement of any other remedy; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder or under the Agreement; provided that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction; and

(iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 6.12. *Restoration of Positions.* If the Trustee or any Owner has instituted any proceeding to enforce any right or remedy under this Indenture or the Agreement, by foreclosure, entry or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner, then and in every such case the Issuer, the Company, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

Section 6.13. *Rights and Remedies Cumulative.* No right or remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other right or remedy, but every such right or remedy shall, to the extent permitted by law, be cumulative and in addition to every

other right and remedy given hereunder or under the Agreement, or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or under the Agreement or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.14. *Delay or Omission Not Waiver.* No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such default or any acquiescence therein. Every right and remedy given by this Article VI, under the Agreement or by law to the Trustee or to the Owners, may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Section 6.15. *Waiver of Defaults Under Agreement.* An Event of Default under Section 6.01(f) hereof shall be automatically waived, rescinded and annulled if the corresponding "Event of Default" under the Agreement shall be waived, rescinded and annulled pursuant to, and in accordance with the provisions of, Article VII of the Agreement.

Section 6.16. *Suits To Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such (a) proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture or the Agreement, and (b) suits and proceedings as the Trustee may deem expedient to protect its interests and the interests of the Owners in the Trust Estate and in the issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair the security hereunder or thereunder or be prejudicial to the interest of the Owners or the Trustee.

Section 6.17. *Rights Under the Agreement.* The Issuer, in the Granting Clauses, has assigned and pledged its rights in the Agreement, except as described therein, and the Trustee in its name or in the name of the Issuer may enforce all assigned rights and remedies of the Issuer under and pursuant to the Agreement.

Section 6.18. *Notice to Owners of Events of Default.* The Trustee shall give to the Owners notice of each Event of Default hereunder known to the Trustee within 90 days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, premium, if any, or interest on any of the Bonds, or in the payment of Revenues by the Company, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interest of the Owners. Each notice of Event of Default shall be given by the Trustee by mailing written notice thereof to all Owners of Bonds, as the names and addresses of such Owners appear upon the books for registration and transfer of Bonds as kept by the Trustee.

Section 6.19. *Remedies Subject to Provisions of Law.* All rights, remedies and powers provided by this Article VI may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article VI are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary

so that they will not render this Indenture invalid or unenforceable under the provisions of any applicable law.

[End of Article VI]

ARTICLE VII

CONCERNING THE TRUSTEE, THE PAYING AGENT AND THE REGISTRAR

Section 7.01. *Duties and Liabilities of Trustee.* The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case such an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances. Unless NationsBank Georgia, National Association notifies the Issuer and the Company in writing, NationsBank Georgia, National Association will be assumed to have undertaken and be responsible for all duties of the Trustee set forth in this Indenture.

No provision of this Indenture shall be construed to relieve the Trustee from liability from its own negligent action, its own negligent failure to act, or its own willful misconduct, provided, however, that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture;

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture or the Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture or Agreement;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the 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 Owners of not less than a majority in aggregate principal amount of Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds in accordance with Section 7.06 hereof or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 7.02. *Reliance on Documents, Indemnification, Etc.* Except as otherwise provided in Section 7.01 hereof:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request, direction, order or demand of the Company herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the Company may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) The Trustee may consult with counsel and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice, provided that such advice is not contrary to express unambiguous provisions of this Indenture or other applicable law which do not conflict with other express provisions of this Indenture;

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Owners of the Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds pursuant to the provisions of this Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, with respect to the costs, expenses and liabilities which may be incurred therein or thereby;

(e) The Trustee shall not be liable for any action taken or omitted by it within the proper exercise of its discretion or rights or powers conferred upon it by this Indenture;

(f) Prior to the occurrence of an Event of Default hereunder, and after the curing of all Events of Default that may have occurred, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture or other paper or document, unless requested in writing so to do by the Owners of not less than a majority in aggregate principal amount of Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity, reasonably satisfactory to the Trustee, with respect to the costs, expenses and liabilities which may be incurred therein or thereby as a condition to so proceeding; and provided further, that nothing in this subparagraph (f) shall require the Trustee to give such Owners any notice other than that required by Section 6.18 hereof. The reasonable expenses of every such examination shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys;

(h) The Trustee shall be under no responsibility for the approval by it in good faith of any expert for any of the purposes expressed in this Indenture;

(i) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Company to make or cause to be made any of the payments to the Trustee required to be made hereunder, unless the Trustee shall be specifically notified in writing of such default by the Company or by the Owners of at least 25% in aggregate principal amount of Outstanding Senior Bonds or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid; and

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Facilities, including all books and records of the Company (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired.

Section 7.03. *Responsibility for Recitals, Validity of Indenture, Proceeds of Bonds.* The Trustee assumes no responsibility for the correctness of the recitals contained herein, and in the Bonds (other than the certificate of authentication of such Bonds). The Trustee makes no representation as to the validity or sufficiency of this Indenture, of the Bonds or of any security for the payment of the Bonds. The Trustee shall not be accountable for the use or application by the Company of any of the Bonds or of the proceeds of such Bonds, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture. The Trustee is not a party to, is not responsible for, and makes no representations with respect to matters set forth in any official statement, offering document or similar document prepared and distributed in connection with the sale of the Bonds issued hereunder.

Section 7.04. *Trustee or Registrar May Own Bonds.* The Trustee or Registrar, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not Trustee or Registrar.

Section 7.05. *Moneys To Be Held in Trust.* All moneys received by the Trustee shall, until used or applied as herein provided (including payment of moneys to the Company under Section 11.02 hereof), be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder other than such interest as it expressly agrees to pay.

Section 7.06. *Compensation and Expenses of Trustee.* The Company covenants and agrees, pursuant to the Agreement, to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation, and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the acceptance or administration of its trust under this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Company also covenants, pursuant to the Agreement, to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses (including, without limitation, reasonable compensation to its attorneys) of defending itself

against any claim of liability in the premises. The obligations of the Company under the Agreement to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall survive the satisfaction and discharge of this Indenture. The Trustee shall have, in addition to a first priority lien on the Trust Estate upon an event of default for the foregoing advances, fees, costs and expenses, a right of payment prior to payment on account of interest, principal of or premium with respect to any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 7.07. *Officer's Certificate as Evidence.* Except as otherwise provided in Section 7.01 hereof, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Resignation and Removal of Trustee; Successor Trustee.* The Trustee may resign at any time without cause by giving at least 30 days' prior written notice to the Issuer, the Company and the Owners of all Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, as the names and addresses of such Owners appear on the register maintained pursuant to Section 2.09 hereof, such resignation to be effective upon the acceptance of such trusteeship by a successor. The Trustee may be removed at any time for any breach of the duties the Trustee has agreed to undertake pursuant to this Indenture. In addition, the Trustee may be removed without cause by the Company unless there exists an event that constitutes, or with the giving of notice or the passage of time or both would constitute, an Event of Default, or at the direction of the Owners of not less than 50% in aggregate principal amount of Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, by a written request delivered to the Issuer, the Company and the Trustee, and the Trustee shall promptly give notice thereof in writing to each Owner of a Senior Bond then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds as provided above. If the Trustee resigns or is removed, the Company, with the prior consent of the Issuer, may appoint a successor Trustee unless there exists an event that constitutes, or with the giving of notice or the passage of time or both would constitute, an Event of Default, in which event the Owners of not less than 50% in aggregate principal amount of the Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds may appoint a successor trustee. If a successor trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Trustee or any Owner of a Senior Bond then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed by the Company or Owners as above provided.

Section 7.09. *Acceptance by Successor Trustee.* Any successor trustee, however appointed, shall execute and deliver to its predecessor and to the Issuer and the Company an instrument accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor hereunder in the trusts under this Indenture applicable to it with like effect as if originally named the Trustee; but, nevertheless, upon the written request of such successor trustee, its predecessor shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor under this Indenture, and such predecessor shall duly assign, transfer,

deliver and pay over to such successor trustee all moneys or other property then held by such predecessor under this Indenture.

Section 7.10. *Qualifications of Successor Trustee.* Any successor trustee, however appointed, shall be a bank or trust company in good standing, duly authorized to exercise trust powers, subject to examination by federal or state authority, and having a combined capital, surplus and undivided profits of at least \$30,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Trustee hereunder upon reasonable or customary terms.

Section 7.11. *Successor by Merger.* Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all of the business of the Trustee may be transferred, shall, subject to the terms of Section 7.10 hereof, be the Trustee under this Indenture without further act.

Section 7.12. *Co-Trustees.*

(a) At any time, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Company, with the Trustee's approval and with the prior written consent of the Issuer, shall have power to appoint one or more persons to act as co-trustee under this Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section 7.12.

(b) Each co-trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such co-trustee subject to the provisions of Section 7.12(b)(iv) hereof.

(ii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-trustee appointed under this Section 7.12.

(iii) No such co-trustee shall be liable by reason of any act or omission of any other such co-trustee.

(iv) No power given to such co-trustee shall be separately exercised hereunder by such co-trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

Section 7.13. *Paying Agent.* The Issuer shall, with the approval of the Company, appoint as its agent the Paying Agent for the Bonds and, in addition, may designate separate and additional paying agents to undertake any portion of the duties and obligations of the Paying Agent hereunder, all subject to the conditions set forth in Section 7.14 hereof. Any Paying Agent shall designate to the Issuer, the Trustee and the Company the principal office of the Paying Agent and signify its acceptance of the duties

and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee and the Company under which such Paying Agent will agree, if applicable:

(a) to hold all sums held by it for the payment of the principal of, or interest on the Bonds in trust for the benefit of the Owners until such sums shall be paid to the Owners or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Issuer, the Trustee and the Company at all reasonable times; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by it.

The Issuer shall cooperate with the Trustee, the Paying Agent and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby funds derived from the sources specified herein and in the Agreement will be made available to the Paying Agent for the payment when due of the principal of, premium, if any, and interest on the Bonds.

Section 7.14. *Qualifications of Paying Agent; Resignation; Removal.* Any Paying Agent shall be a commercial bank or trust company or a rated institution, duly organized under the laws of the United States of America or any state or territory thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$30,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' advance written notice to the Issuer, the Company, the Registrar and the Trustee. The Paying Agent may be removed at any time at the direction of the Company, by an instrument signed by the Issuer and delivered to the Paying Agent and the Trustee.

In the event of the resignation or removal of any Paying Agent, said Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee. Successor Paying Agents shall be appointed in accordance with the provisions of Section 7.13 hereof. If the Issuer fails to appoint a Paying Agent or the Paying Agent resigns or is removed, the Trustee is deemed as the Paying Agent for all purposes hereunder.

Section 7.15. *Registrar.* The Issuer shall, with the approval of the Company, appoint the Registrar for the Bonds, subject to the conditions set forth in Section 7.16 hereof. The Registrar shall signify to the Trustee and the Paying Agent its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, the Company, and the Paying Agent at all reasonable times.

The Issuer shall cooperate with the Trustee, the Registrar and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Issuer and authenticated by the Trustee or the Authenticating Agent, shall be made available for exchange, registration and registration of transfer at the principal office of the Registrar.

Section 7.16. *Qualifications of Registrar; Resignation; Removal.* The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory

thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' advance written notice to the Issuer, the Trustee, the Paying Agent and the Company. The Registrar may be removed at any time, at the direction of the Company, by an instrument, signed by the Issuer, delivered to the Registrar, the Trustee and the Paying Agent.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee. Successor Registrars shall be appointed in accordance with the provisions of Section 7.15 hereof.

In the event that the Issuer shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Registrar, the Trustee shall *ipso facto* be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the Registrar or successor Registrar, as the case may be.

Section 7.17. *Several Capacities; Duty To Cooperate.* Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent, the Registrar and Authenticating Agent and in any other combination of such capacities, to the extent permitted by law. Where multiple entities serve in the capacity of Trustee, Paying Agent, Registrar and Authenticating Agent, the Issuer shall cooperate with the Company and each such entity to cause the necessary agreements to be made and thereafter continued whereby each entity shall be furnished such authorizations, records and information at such times, and in such manner, as shall be required to enable the Trustee, the Paying Agent, the Authenticating Agent and the Registrar to perform the duties and obligations imposed upon them hereunder.

[End of Article VII]

ARTICLE VIII

EVIDENCE OF RIGHTS OF OWNERS

Section 8.01. *Evidence of Action by Owners.* Whenever in this Indenture it is provided that the Owners of a specified percentage in aggregate principal amount of Bonds may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein shall be evidenced by any instrument or any number of instruments of similar tenor executed by such Owners in person or by agent or proxy appointed in writing.

Section 8.02. *Proof of Execution of Instruments and of Ownership of Bonds.* Subject to the provisions of Section 8.01 hereof and this Section 8.02, proof of the execution of any instrument by a Owner or his agent or proxy and proof of the holding by any person of Bonds shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any state within the United States, that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. If such execution is by an officer of a corporation, association or trust, trustee of a trust or a member of a partnership on behalf of such corporation, association, trust or partnership, such certificate or affidavit shall constitute sufficient proof of his authority.

(b) The ownership of registered Bonds may be proved by the register of the Bonds or by a certificate of the Registrar.

The Trustee shall not be bound to recognize any person as an Owner unless and until his title to the Bonds held by him is proved in the manner provided in this Article VIII.

The Trustee may accept such other proof or require such additional proof of any matter referred to in this Section as it shall deem reasonable.

Section 8.03. *Bonds Owned by the Company.* In determining whether the Owners of the requisite aggregate principal amount of all Bonds have concurred in any demand, direction, request, notice, consent, waiver or other action under this Indenture, such Bonds that are owned by the Company or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only such Bonds which the Trustee knows are so owned shall be disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 8.03, if the pledgee shall establish to the satisfaction of the 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 Company. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 8.04. *Instruments Executed by Owners Binding Future Owners.* At any time prior to (but not after) the time the Trustee shall act in reliance upon the evidencing to the Trustee, as provided in

Section 8.01 hereof, of the taking of any action by the Owners of the percentage in aggregate principal amount of Bonds specified in this Indenture in connection with such action, any Owner of such a Bond that is shown by the evidence to be one of the Owners which has consented to such action, may, by filing written notice with the Trustee at its Principal Office and upon proof of holding as provided in Section 8.02 hereof, revoke such action so far as concerns such Bond. Except as aforesaid any such action taken by the Owner of a Bond and any direction, demand, request, waiver, consent, vote or other action of the Owner of such Bond which by any provisions of this Indenture is required or permitted to be given shall be conclusive and binding upon such Owner and upon all future Owners of such Bond, and of any Bond issued in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Owners of the percentage in aggregate principal amount of such Bonds specified in this Indenture in connection with such action shall be conclusively binding, upon the Company, the Trustee, the Issuer and the Owners of all of such Bonds, subject, however, to the provisions of Section 7.01 hereof.

[End of Article VIII]

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. *Supplemental Indentures Without Consent of Owners.* The Issuer and the Trustee may from time to time and at any time, subject to the conditions and restrictions in this Indenture, enter into a Supplemental Indenture for one or more of the following purposes:

(a) to add to the covenants and agreements of the Issuer, in this Indenture contained for the benefit of the Owners, such other covenants and agreements thereafter to be observed, or to surrender or limit any right or power herein reserved or conferred upon the Issuer;

(b) to make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Issuer may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the Owners of the Bonds;

(c) to describe or identify more precisely any part of the Trust Moneys, or subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, to permit the qualification of Bonds for sale as exempt securities or in exempt transactions under the Securities Act of 1933, as amended, the Securities Act of 1934, as amended, or securities laws of any state, or to avoid registration under the Investment Company Act of 1940, as amended, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions or provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or

(e) to make any other change, that in the sole judgment of the Trustee, upon the reliance on an opinion of counsel, does not materially adversely affect the interests of the Owners of the Senior Bonds or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds.

Any Supplemental Indenture authorized by the provisions of this Section 9.01 may be adopted by the Issuer and executed by the Trustee without the consent of or notice to the Owner of any of the Bonds then Outstanding, notwithstanding any of the provisions of Section 9.02 hereof, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture.

Section 9.02. *Supplemental Indentures Requiring Consent of Owners.* With the consent (evidenced as provided in Article VIII hereof) of the Owners of not less than a majority in aggregate principal amount of the Senior Bonds at the time Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, the Issuer, and the Trustee with the approval of the Company, may from time to time and at any time adopt an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (a) effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Bond or a reduction in the principal amount or redemption price of any Bond or the rate of interest thereon, without the consent of the Owner of such Bond, or (b)(i) reduce the aforesaid percentage

of Bonds, the Owners of which are required to consent to any such Supplemental Indenture or (ii) permit the preference or priority of any Bond or Bonds over any other Bond or Bonds, without the consent of the Owners of all Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, (c) modify the right of the Owners of a majority in aggregate principal amount of Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds to compel the Trustee to declare the principal of all Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds to be due and payable, without the consent of the Owners of a majority in aggregate principal amount of the Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds upon the occurrence of an Event of Default or (d) permit the creation of any lien on the Facilities or the Revenues not subordinated to the Bonds, other than as permitted by this Indenture.

For all purposes of this Section 9.02, Bonds shall be deemed to be "affected" by a Supplemental Indenture, if such Supplemental Indenture materially adversely affects or diminishes the rights of Owners thereof against the Issuer or the Trust Estate. The Trustee may in its discretion determine whether any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

If at any time the Issuer or the Company shall request the Trustee to approve and enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be sent to each Owner of Bonds then Outstanding by registered or certified mail to the address of such Owner as it appears on the registration books; provided, however, that failure to receive such notice by mailing by any Owner, or any defect in the mailing thereof, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owners of a majority in aggregate principal amount of Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section 9.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

It shall not be necessary for the Owners to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 9.03. *Execution of Supplemental Indentures.* Upon receipt by the Trustee of a Supplemental Indenture of the Issuer, and upon the filing with the Trustee of evidence of the consent of Owners, as aforesaid, the Trustee shall join with the Issuer in the execution of such Supplemental Indenture. The Trustee may, but shall not be obligated to, enter into, any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.04. *Effect of Supplemental Indentures.* Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article IX, this Indenture shall be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee and all Owners of Bonds Outstanding hereunder shall thereafter be

determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.05. *Reliance Upon Opinion of Counsel.* Subject to the provisions of Section 7.01 of this Indenture the Trustee in executing or accepting the additional trusts permitted by this Article IX or the modifications thereby of the trusts created by this Indenture may rely on an opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture as conclusive evidence that any Supplemental Indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX.

Section 9.06. *Bonds Issued After Supplemental Indentures.* Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Trustee, as to any matter provided for in such Supplemental Indenture and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the Issuer, authenticated by the Trustee and delivered without cost to the Owners of the Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

Section 9.07. *Supplement by Unanimous Consent.* Notwithstanding any other provision of this Indenture to the contrary, the Issuer and the Trustee may consent to any supplement to this Indenture upon receipt of the consent of the Owners of all Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds.

Section 9.08. *Consent of the Company.* So long as there is not a continuing Event of Default under the Agreement, any Supplemental Indenture that adversely affects the rights of the Company under the Agreement shall not become effective unless and until delivery to the Trustee of the written consent of the Company to such Supplemental Indenture.

[End of Article IX]

ARTICLE X

AMENDMENT OF AGREEMENT OR MORTGAGE

Section 10.01. *Amendments of Agreement or Mortgage Not Requiring Consent of Owners.* The Issuer and the Trustee, at any time and from time to time, shall, without the consent of or notice to the Owners, consent to any amendment, change or modification of the Agreement or the Mortgage as may be required:

- (a) by the provisions of the Agreement, the Mortgage or this Indenture;
- (b) to add to the conditions, limitations and restrictions on the Company in the Agreement, other conditions, limitations and restrictions thereafter to be observed;
- (c) to modify or eliminate any of the terms of the Agreement or the Mortgage; provided, however, that the Trustee may, in its discretion, decline to enter into any such amendment which, in its opinion, may not afford adequate protection to the Trustee when the same becomes effective;
- (d) to evidence the succession of another corporation to the Company, and the assumption by any such successor of the covenants of the Company contained in the Agreement or the Mortgage or to evidence the succession of any successor Trustee under the provisions of Article VII hereof;
- (e) to add to the covenants of the Company or to surrender any right or power conferred upon the Company;
- (f) to cure any ambiguity or to correct or supplement any provision of the Agreement or the Mortgage that may be inconsistent with any other provision of the Agreement, the Mortgage or this Indenture or with respect to matters or questions arising under the Agreement, the Mortgage or this Indenture; or
- (g) to make any other change that in the sole judgment of the Trustee, upon the reliance on an opinion of counsel, does not materially adversely affect the interests of the Owners of the Senior Bonds or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds.

Section 10.02. *Amendments of Agreement or Mortgage Requiring Consent of Owners.* Except for amendments, changes or modifications as provided in Section 10.01 hereof, with the consent of the Owners of not less than a majority in principal amount of the Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds which are affected by such amendment to the Agreement by action of said Owners delivered to the Issuer and the Trustee, the Issuer, when authorized by a resolution of the Issuer, and the Trustee may enter into an amendment or amendments to the Agreement or the Mortgage for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Agreement or the Mortgage; provided, however, that no such amendment shall, without the consent of the Owner of each Outstanding Senior Bond or Outstanding Subordinate Bond (as the case may be) affected thereby,

- (a) reduce the aggregate amount of Revenues payable under the Agreement to an amount less than required for timely payment of principal of, premium, if any, and interest on the Bonds,

or allow any installment of Revenues to be paid subsequent to the time needed for the payment of principal, premium, if any, and interest on the Bonds; or

(b) modify any of the provisions of the Agreement or the Mortgage to eliminate the requirement that the Trustee consent to every amendment thereto.

For all purposes of this Article X, Bonds shall be deemed to be "affected" by an amendment, if such amendment materially adversely affects or diminishes the rights of Owners thereof to be assured of the payment of principal of, premium, if any, and interest on the Bonds. The Trustee may in its discretion determine whether or not any Bonds would be affected by any amendment and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

If at any time the Issuer and the Company shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 9.02 hereof with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Owners.

It shall not be necessary for any action of Owners under this Section 10.02 to approve the particular form of any proposed amendment or supplement to the Agreement or the Mortgage, but it shall be sufficient if such action shall approve the substance thereof. The Trustee may, but shall not be obligated to, enter into any such consent or amendment or supplement that affects the Trustee's own rights, duties or immunities under the Agreement, the Mortgage or otherwise.

Section 10.03. *Amendment by Unanimous Consent.* Notwithstanding any other provision of this Indenture, the Issuer, the Company and the Trustee may consent to any amendment, change or modification of the Agreement or the Mortgage upon receipt of the consent of the Owners of all Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds.

Section 10.04. *Reliance Upon Opinion of Counsel.* In consenting to an amendment to the Agreement permitted by this Article X, the Trustee shall be entitled to receive, and (subject to Section 7.01 hereof) shall be fully protected in relying upon, an opinion of Bond Counsel stating that the execution of such consent or amendment is authorized or permitted by this Indenture.

[End of Article X]

ARTICLE XI

DEFEASANCE; UNCLAIMED MONEYS

Section 11.01. *Satisfaction and Discharge of Indenture.* If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Indenture and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder, including all expenses of the Issuer in connection with this Indenture or the Agreement, then all covenants, agreements and other obligations of the Issuer to the Owners shall thereupon cease, terminate and become void and become discharged and satisfied. In such event, upon the request of the Issuer, the Trustee shall execute such documents as may be reasonably required by the Issuer and shall turn over to the Company the moneys, if any, then held by the Trustee. Prior to any defeasance becoming effective under this Indenture, (a) there shall have been delivered to the Issuer and the Trustee an opinion of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that (i) interest on any Tax-Exempt Bonds being paid by such defeasance will not become includable in gross income for federal income tax purposes by reason of such defeasance and (ii) payments of principal of and interest on the Bonds from the proceeds of any such deposit to effectuate defeasance shall not constitute voidable preferences in a case commenced under the federal bankruptcy code by or against the Issuer or the Company, and (b) the amount required to be deposited in any escrow fund for the Owners shall be invested only in Federal Securities.

All Outstanding Senior Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 11.01 if (1) in case said Senior Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Senior Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 3.02 hereof, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the Issuer, or any other person other than the owner thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on the Senior Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event the Senior Bonds are not by their terms to be redeemed within the next 45 days, the Company shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 3.02 hereof, notice to the Owners of the Senior Bonds that the deposit required by clause (2) above has been made with the Trustee and that the Senior Bonds are deemed to have been paid in accordance with this Section 11.01 and stating maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on the Senior Bonds.

All Outstanding Subordinate Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 11.01 if (A) in case said Subordinate Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Subordinate Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 3.02 hereof, (B) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the Issuer, or any other person other than the owner thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide

moneys which shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on the Subordinate Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (C) in the event the Subordinate Bonds are not by their terms to be redeemed within the next 45 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 3.02 hereof, notice to the Owners of the Subordinate Bonds that the deposit required by clause (B) above has been made with the Trustee and that the Subordinate Bonds are deemed to have been paid in accordance with this Section 11.01 and stating maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds.

Neither the Federal Securities nor moneys deposited with the Trustee pursuant to this Section 11.01 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Senior Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, at the written direction of the Company, be reinvested in Federal Securities of the type described in clause (B) in the immediately preceding paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on the Bonds on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Bond shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such moneys or Federal Securities deposited with the Trustee and the purpose of transfer pursuant to Section 2.09 hereof.

The release of the obligations of the Company under this Section 11.01 shall be without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

Section 11.02. *Repayment of Moneys Held by Trustee.* Any moneys deposited with the Trustee for the payment of the principal of or interest on the Bonds and not applied but remaining unclaimed by the Owners of such Bonds for 6 years after the date upon which such payment shall have become due, shall, to the extent permitted by applicable law, be repaid to the Company, by the Trustee; and, upon such repayment, the Owner of any of such Bonds entitled to receive such payment shall thereafter look only to the Company for the payment thereof.

Notwithstanding any provision contained herein or in the Agreement apparently to the contrary, from and after the date when principal of, interest or premium, if any, on Bonds shall become due, the Trustee shall not be liable to the Issuer, the Company or any Owner of the Bonds for any interest in respect of moneys on deposit with the Trustee for the payment thereof, it being expressly agreed that all interest earned on such moneys shall constitute additional compensation to the Trustee for the services rendered by it hereunder.

[End of Article XI]

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. *Binding Effect on Successors and Assigns.* All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 12.02. *Exclusive Rights of Issuer, Trustee, the Company and Owners.* Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Trustee, the Company and the Owners of the Bonds issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenants, conditions or provisions 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 Issuer, the Trustee, the Company and the Owners of the Bonds issued hereunder.

Section 12.03. *Waiver of Notice.* Whenever in this 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 12.04. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows:

If to the Issuer:

Nassau County, Florida
Board of County Commissioners
P.O. Box 456
416 Center Street
Fernandina Beach, Florida 32034
Attn: Chairman

If to the Company:

GF/Amelia Island Properties, Inc.
Suite 611
Eleven Piedmont Center
3495 Piedmont Road, N.E.
Atlanta, Georgia 30305
Attn: President

If to the Trustee:

NationsBank of Georgia, National Association
9th Floor
600 Peachtree Street, N.E.
Atlanta, Georgia 30308
Attn: Corporate Trust Department

The Issuer and the Trustee may, by notice given to all the above-named persons, designate any further or different addresses to which subsequent notices, certificates or other communications to the person giving such notice shall be sent.

Section 12.05. *Counterparts.* This 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 such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 12.06. *Limitation of Liability of Officials of Issuer.*

(a) Notwithstanding anything to the contrary herein contained or contained in the Agreement, the Bonds or any other instrument related to the issuance of the Bonds, no stipulation, covenant, agreement or obligation herein contained or contained in the Agreement, the Bonds or any other instrument related to the issuance of the Bonds shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, director, trustee, officer, employee or agent of the Issuer, or of any incorporator, member, commissioner, director, trustee, officer, employee or agent of any successor to the Issuer, in any person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(b) Notwithstanding anything to the contrary herein contained or contained in this Indenture, the Agreement, the Bonds or any other instrument related to the issuance of the Bonds, (i) the Issuer shall have no obligation to take action under this Indenture, the Agreement, the Bonds or any other instrument related to the issuance of the Bonds unless the Issuer is requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorney's fees) to be incurred in such action, (ii) no member of the Issuer or any officer, attorney, employee or agent of the Issuer shall be personally liable to the Company, the Trustee or any other person for any action taken by the Issuer or by its officers, attorney, agents or employees, or for any failure to take action, under this Indenture, the Agreement, the Bonds or any other instrument related to the issuance of the Bonds, except that the Issuer agrees to take or refrain from taking any action required by an injunction or required to comply with any final judgment for specific performance, and (iii) any judgment rendered against the Issuer for breach of its obligations under this Indenture, the Agreement, the Bonds or any other instrument related

to the issuance of the Bonds, shall be payable solely from the Revenues and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(c) In acting under this Indenture, the Agreement, the Bonds or any other instrument related to the issuance of the Bonds, or in refraining from taking such action, the Issuer may conclusively rely on the advice of its counsel.

(d) The foregoing provisions of this Section 12.06 will survive the payment, prepayment or redemption of the Bonds and the termination of the Agreement and the Indenture.

Section 12.07. Laws Governing Indenture and Situs and Administration of Trust. The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State, but it is the intention of the Issuer that the situs of the trust created by this Indenture be in the state in which is located the principal corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to this Indenture. It is further the intention of the Issuer that the Trustee administer said trust in the state or states in which is located, from time to time, the situs of said trust.

Section 12.08. Compliance Certificates and Opinions. Subsequent to the issuance of the Bonds, upon any application or request by the Issuer or the Company to the Trustee to take any action under any provision of this Indenture, the Issuer or the Company shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture or the Agreement relating to the proposed action have been complied with and an opinion of counsel acceptable to the Trustee stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of an Officer's Certificate or an opinion of counsel is specifically required by any provision of this Indenture or the Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Subsequent to the issuance of the Bonds, every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 12.09. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they be so certified or covered by only one document, but one such person may certify or give an opinion with

respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an official of the Issuer or an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such official or officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an official or officials of the Issuer or an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Issuer or the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

A "request" for the authentication and delivery of Bonds or the withdrawal of cash, under any provision of this Indenture, shall consist of, and shall not be deemed complete until the Trustee shall have been furnished with, all such documents, cash, Bonds, securities and other instruments as are required by such provision to establish the right of the Issuer or the Company to the transaction applied for, and the date of such application shall be deemed to be the date upon which such application shall be so completed.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer or the Company shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's or the Company's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer or the Company to have such application granted or to the sufficiency of such certificate or report.

Section 12.10. *Entire Agreement.* This Indenture constitutes the entire agreement and supersedes all prior agreements both written and oral with respect to the subject matter hereof.

Section 12.11. *Change of Manager.* Notwithstanding anything contained herein to the contrary, the consent of a majority of the Owners of the Outstanding Senior Bonds or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds (such consent not to be unreasonably withheld) is necessary in order for any change to be made with respect to the Manager.

[Signatures Begin on the Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective seals to be impressed hereon, all as of the day and year first above written.

NASSAU COUNTY, FLORIDA

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

[Signatures Continued on the Following Page]

[Counterpart Signature Page to the Indenture of Trust]

[SEAL]

NATIONS BANK OF GEORGIA, NATIONAL ASSOCIATION,
as Trustee

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

EXHIBIT A

FORM OF SERIES 1992A BOND

[To be provided]

EXHIBIT B

FORM OF SERIES 1992B BOND

[To be provided]

EXHIBIT C

FORM OF SERIES 1992C BOND

[To be provided]

EXHIBIT D

FORM OF RESOLUTION

[To be provided]

LOAN AGREEMENT

between

NASSAU COUNTY, FLORIDA

and

GF/AMELIA ISLAND PROPERTIES, INC.

Dated as of September 1 , 1992

The interest of Nassau County, Florida (the "Issuer") in this Agreement has been assigned (except for amounts payable under Sections 6.2, 7.4 and 9.10 hereof and the Issuer's rights under this Agreement to receive notices, reports and other information and to inspect the Facilities and its records) pursuant to the Indenture of Trust dated as of the date hereof from the Issuer to NationsBank of Georgia, National Association, as trustee thereunder (the "Trustee"), and is subject to the security interest of the Trustee.

This Instrument prepared by:

Donald P. Ubell, Esq.
Michael A. Kazamias, Esq.
Kutak Rock
4400 Georgia-Pacific Center
133 Peachtree Street, N.E.
Atlanta, GA 30303

LOAN AGREEMENT

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This Table of Contents is not a part of the Loan Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Loan Agreement.

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EXHIBIT A DESCRIPTION OF FACILITIES

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of the first day of September, 1992 (the "Agreement"), is by and between the *NASSAU COUNTY, FLORIDA* (the "Issuer"), a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Florida (the "State"), and *GF/AMELIA ISLAND PROPERTIES, INC.* (the "Company"), a Florida not-for-profit corporation.

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the Act (as defined in the hereinafter described Indenture) to issue its bonds and loan the proceeds thereof for the purposes provided in the Act;

WHEREAS, the Issuer will issue its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, its Taxable ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C Bonds (collectively, the "Bonds"), pursuant to an Indenture of Trust dated as of September 1, 1991 (the "Indenture") between the Issuer and NationsBank of Georgia, National Association, as trustee (the "Trustee");

WHEREAS, the Issuer has entered into this Agreement with the Company under which the Issuer has agreed to issue its Bonds and to lend the proceeds thereof to the Company for the purpose of financing the cost of (i) the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"); the Company has agreed to pay all Revenues (as defined in the Indenture) to the Issuer, and the payments of the Company to the Issuer have been assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds pursuant to the terms of the Indenture;

WHEREAS, the Company will grant a mortgage and security interest in the Facilities to the Issuer pursuant to a Mortgage and Security Agreement dated as of September 1, 1992 (the "Mortgage"); and

WHEREAS, the execution and delivery of this Agreement and the issuance of the Bonds have been in all respects duly and validly authorized by the Issuer.

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

ARTICLE I

DEFINITIONS

Except where otherwise indicated or provided, words in the singular number include the plural as well as the singular number and vice versa. All capitalized, undefined terms used herein shall have the same meanings ascribed to such terms used in the Indenture. In addition, the following words and phrases shall have the following meanings:

"Agreement" shall mean this Loan Agreement, dated as of September 1, 1992 between the Issuer and the Company, as from time to time supplemented and amended.

"Event of Default" shall mean any event of default set forth in Section 7.1 of this Agreement.

"Facilities" means the existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and a related day program services facility for the mentally retarded to be located in Nassau County, Florida.

"Indenture" shall mean the Indenture of Trust dated as of September 1, 1992, as supplemented from time to time, constituting a trust agreement and indenture with the Trustee.

"Mortgage" means the Mortgage and Security Agreement dated as of September 1, 1992 made by the Company in favor of the Issuer.

[End of Article I]

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. *Representations, Warranties and Covenants of the Company.* The Company represents, warrants and covenants as follows:

(a) The Company is a not-for-profit corporation duly incorporated and in good standing under the laws of the State of Florida and qualified to do business in the State and is not in violation of any laws material to the transactions contemplated by this Agreement or the Indenture or any provisions of the Articles of Incorporation or Bylaws of the Company, has the power to enter into this Agreement and has duly authorized the execution and delivery of this Agreement and has duly approved the terms of the Indenture.

(b) The Company shall operate or cause to be operated the Facilities through the date on which all of the Bonds have been fully paid or are otherwise no longer Outstanding.

(c) The Company will not take any action which would impair the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, including any use of the Facilities which would cause any of the Tax-Exempt Bonds not to be a "qualified 501(c)(3)" Tax-Exempt Bond under the Code and any expenditure for costs of issuance from the proceeds of the Tax-Exempt Bonds which would cause the total of such expenditures paid from the proceeds of the Tax-Exempt Bonds to exceed two percent (2%) of the aggregate principal amount of the Tax-Exempt Bonds; nor will the Company at any time take any action which would in any way adversely affect the right of the Issuer to issue tax-exempt bonds under the provisions of Section 103 of the Code. The Company will not enter into any management contract with respect to the Facilities other than the one executed on the date hereof unless it obtains an opinion of Bond Counsel that such management contract will not impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds. The aggregate principal amount of the Tax-Exempt Bonds, when added to all outstanding tax-exempt obligations of which the Company is a test-period beneficiary, does not exceed \$150 million.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and by the Indenture, nor the fulfillment of or compliance with the terms and conditions of this Agreement and the Indenture by the Company, conflicts with or results in a breach of any of the terms, conditions or provisions of the Articles of Incorporation or the Bylaws of the Company, or any corporate restriction or resolution or any agreement, instrument or governmental order to which the Company is now a party or by which it is bound or constitutes a default under any of the foregoing.

(e) The Company is a tax-exempt organization as described in Section 501(c)(3) of the Code.

(f) As of the date of this Agreement, the Company is an organization of the type described in Section 3(a)(4) of the Securities Act of 1933, as amended. The Company covenants that it shall not perform any act nor enter into any agreement which shall adversely affect such status.

(g) The Company is duly authorized and will obtain a license to operate the Facilities under the laws, rulings, regulations and ordinances of the State and the departments, agencies and

political subdivisions thereof and the execution of this Agreement and the transactions contemplated by this Agreement will not adversely affect such status. The Facilities are in compliance with applicable federal, State and local zoning, subdivision, environmental, pollution control and building laws, regulations, codes and ordinances.

(h) The recitals of fact and statements contained in this Agreement with respect to the Company are true.

(i) The Company will not manage the Facilities by itself, but will contract with a third party professional management company with respect to management of the Facilities at all times prior to the date on which all of the Bonds have been fully paid or are otherwise no longer Outstanding.

Section 2.2. *Representations, Warranties and Covenants of the Issuer.* The Issuer represents, warrants and covenants as follows:

(a) The Issuer is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State. The Issuer is authorized in accordance with the Constitution and laws of the State and the Act to enter into the transactions contemplated by this Agreement and the Indenture, and has authorized the execution and delivery of this Agreement, the Bonds and the Indenture, and agrees that it will do or cause to be done all things required hereby and thereby.

(b) The Issuer is authorized, and has taken all necessary action, to issue the Bonds in an aggregate principal amount of \$5,720,000 to provide funds for the acquisition, construction, equipping and furnishing of the Facilities and related purposes.

(c) The issuance of the Bonds is for the public purpose of improving the necessary intermediate care facility for the mentally retarded and constructing a related day program services facility for the mentally retarded, and will promote the health and welfare of the residents of the County of Nassau, Florida.

(d) The Issuer will not enter into any management contract or approve any management contract submitted by the Company other than the one executed on the date hereof with respect to the Facilities unless it obtains an opinion of Bond Counsel that such management contract will not impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds and not more than two percent (2%) of the proceeds of the Tax-Exempt Bonds will be used for the costs of issuance of the Tax-Exempt Bonds.

Notwithstanding the foregoing, the Issuer makes no warranty, either express or implied, as to the Facilities or the condition thereof, that the Facilities can be acquired, constructed, equipped and furnished with the proceeds of the Bonds, or that the Facilities will be suitable for the purposes or needs of the Company. The Issuer makes no representation or warranty, express or implied, that the Company will have quiet and peaceful possession of the Facilities. The Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Facilities, any licenses, permits or other approvals needed in connection therewith, or the Facilities's suitability for the Company's purposes.

[End of Article II]

ARTICLE III

USE OF BOND PROCEEDS; COMPANY PAYMENTS AS SECURITY

The Issuer hereby agrees to loan the proceeds from the sale of the Bonds, under the terms and conditions of this Agreement, to the Company for the purpose of financing the cost of acquiring, constructing, equipping and furnishing of the Facilities. From the Series 1992A Bond proceeds, \$515,000 shall be deposited in the Debt Service Reserve Fund; and \$4,635,000 shall be deposited in the Acquisition and Construction Fund. From the Series 1992B Bond proceeds, \$360,000 shall be deposited in the Taxable Account of the Cost of Issuance Fund. From the Series 1992C Bond Proceeds, \$[107,200] shall be deposited in the Tax-Exempt Account of the Cost of Issuance Fund; and \$102,800 shall be deposited in the Acquisition and Construction Fund. The Company acknowledges that the Issuer's rights under this Agreement will be assigned to the Trustee as security for the payment of the Bonds, and the Company agrees to remit the Revenues and any other sums required to be paid hereunder to the Trustee for the benefit of the Owners of the Bonds.

[End of Article III]

ARTICLE IV

LOAN BY THE ISSUER; EFFECTIVE DATE OF THIS AGREEMENT; ISSUANCE OF THE BONDS

Section 4.1. *Loan by the Issuer; Effective Date of This Agreement; Duration of Term.* The Issuer agrees, upon the terms and conditions of this Agreement, to lend to the Company the proceeds received from the sale of the Bonds by depositing said proceeds as provided in Article III hereof and the Indenture. This Agreement shall become effective upon its delivery, and, subject to the provisions of this Agreement, including without limitation, Article VII and VIII hereof, shall expire on September 1, 2022, or on such earlier or later date upon which payment in full of the Bonds shall have been made.

Section 4.2. *Issuance of Bonds.* Simultaneously with the execution of this Agreement the Issuer shall, under the terms of the Indenture, issue and sell the Bonds.

[End of Article IV]

ARTICLE V

PAYMENT PROVISIONS

Section 5.1. *Payments of Revenues.* The Company agrees to pay to the Trustee, on behalf of the Issuer, as repayment of the loan under Section 4.1 of this Agreement all Revenues as received.

Section 5.2. *No Defense or Setoff.* The obligations of the Company to pay all Revenues and any other sums payable hereunder shall be absolute and unconditional without defense or setoff by reason of any default by the Issuer under this Agreement or under any other agreement between the Company and the Issuer or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, it being the intention of the parties that the Revenues and any other sums payable hereunder will be paid in full when due without any delay or diminution whatsoever.

Section 5.3. *Assignment of Issuer's Rights.* Concurrently with the execution of this Agreement, the Issuer will pursuant to the Indenture assign to the Trustee the Issuer's rights under this Agreement (except its rights under Sections 6.2, 7.4 and 9.10 hereof and its rights to receive notices, reports and other information and to inspect the Facilities and its records) as security for the payment of the Bonds, and the Company consents to such assignment. The Company will make payment of Revenues and any other sums owed hereunder directly to the Trustee, without defense or setoff by reason of any dispute between the Company and the Trustee.

Section 5.4. *Credit for Bonds Surrendered.* The Company shall have the right to surrender Bonds acquired by it to the Trustee. Bonds so redeemed, purchased or surrendered shall be forthwith cancelled and the principal amounts thereof shall be applied as credits against the principal of the Bonds due and payable with respect to the respective maturity dates or mandatory redemption dates of Bonds.

Section 5.5. *Surplus Funds.* Subject to the provisions of Section 11.02 of the Indenture, when all the Bonds shall have been redeemed or retired, and all other obligations incurred or to be incurred by the Issuer in connection with the Facilities during the term of this Agreement or under the Indenture or this Agreement shall have been paid, or the Indenture shall have been defeased pursuant to Article XI thereof, any surplus funds other than the Rebate Fund remaining to the credit of the accounts established under the Indenture shall be paid to the Company.

Section 5.6. *Covenants as to Corporate Existence, Maintenance of Facilities, Insurance, Etc.* The Company hereby covenants to:

(a) preserve its corporate existence, and all its rights and licenses to the extent necessary in the operation of its business and affairs and be qualified to do business in each jurisdiction where the conduct of its business requires such qualification and where the failure to so qualify would have a material adverse impact on its operation; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the reasonable judgment of the Company, determined to be no longer useful in the conduct of its business;

(b) at all times cause its business to be carried on and conducted in an efficient manner;

(c) prevent the use of the Facilities in an unrelated trade or business as defined in Section 513(a) of the Code or by any nonexempt person, in either case in such manner or to such extent as would result in interest on the Tax-Exempt Bonds becoming includable in gross income for federal income tax purposes;

(d) conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority material to the conduct of its business; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement so long as the validity thereof shall be contested in good faith by appropriate proceedings which shall operate during the pendency thereof to stay the enforcement thereof and it will not subject the Trustee or the Issuer of the Bonds to the risk of any liability and it will save the Trustee and the Issuer harmless against any losses as a result of such contest;

(e) pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof whose validity, amount or collectibility is being contested by it in good faith by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the item so contested and it will not subject the Trustee or the Issuer to the risk of any liability and it will save the Trustee and the Issuer harmless against any losses as a result of such contest;

(f) at all times comply with all terms, covenants and provisions contained in any mortgages or instruments securing any of its indebtedness and pay or cause to be paid, or to be renewed, refunded or extended by it, all bonds, notes or other evidences of indebtedness secured by any such mortgage or lien, as and when the same shall become due and payable;

(g) preserve its corporate existence, and all its rights and licenses to the extent necessary in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of the Facilities or the conduct of its business requires such qualification and where the failure to so qualify would have a material adverse impact on its operation; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the reasonable judgment of the Company, determined to be no longer useful in the conduct of its business;

(h) at all times cause its business to be carried on and conducted in an efficient manner and the Facilities and each part thereof to be maintained, preserved and kept in good condition, repair and working order, reasonable wear and tear excepted, and all needful and proper repairs, renewals and replacements of any portion thereof; provided, however, that nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of the Facilities if, in the reasonable judgment of the Company, it is determined to be advisable not to operate the same for the time being, or if it intends to sell or otherwise dispose of the same in accordance with the provisions of this Agreement and within a reasonable time endeavors to effect such a sale or other disposition or (ii) to obligate it to retain, preserve, repair, renew or replace any portion of the Facilities, leases, rights, privileges or licenses no longer used or, in the reasonable judgment of the Company, determined to be no longer useful in the conduct of its business; the Facilities will at all reasonable times be subject to the inspection of the Trustee or the Issuer or their representatives duly authorized in writing;

(i) comply with all present and future laws, ordinances, administrative rules, regulations and court decisions, relating to the use or occupancy of the Facilities and to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the State, the United States of America and the other states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority material to the conduct of its business and the operation of the Facilities; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement so long as the validity thereof shall be contested in good faith by appropriate proceedings which shall operate during the pendency thereof to stay the enforcement thereof and the sale, forfeiture or loss of the Facilities to satisfy the same and it will not subject the Trustee or the Issuer of the Bonds to the risk of any liability and it will save the Trustee and the Issuer harmless against any losses as a result of such contest;

(j) pay prior to delinquency all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or the Facilities; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, charge or assessment so contested and the sale, forfeiture or loss of the Facilities to satisfy the same and it will not subject the Trustee or the Issuer to the risk of any liability and it will save the Trustee and the Issuer of the Bonds harmless against any losses as a result of such contest;

(k) pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof whose validity, amount or collectibility is being contested by it in good faith by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the item so contested and the sale, forfeiture or loss of the Facilities to satisfy the same and it will not subject the Trustee or the Issuer to the risk of any liability and it will save the Trustee and the Issuer harmless against any losses as a result of such contest;

(l) at all times comply with all terms, covenants and provisions contained in any mortgages or instruments evidencing any liens at any time existing upon the Facilities or any part thereof or interests therein securing any of its indebtedness and pay or cause to be paid, or to be renewed, refunded or extended by it, all bonds, notes or other evidences of indebtedness secured by any such mortgage or lien, as and when the same shall become due and payable;

(m) procure and maintain all necessary licenses and permits and, so long as it is reasonably deemed by its Board of Directors, to be in the best interests of the Company, maintain accreditation of the Company's intermediate care facilities for the mentally retarded by any state or federal agency or regulatory body having jurisdiction over the Company or the Facilities; and

(n) maintain, or cause to be maintained, insurance (which may include one or more self-insurance programs) covering such risks and in such amounts as, in its judgment, is adequate to protect it and the Facilities and its operations, which shall be not less than the following:

(1) Insurance against loss and/or damage to the Facilities covering such risks as are ordinarily and reasonably insured against by similar facilities, including, without limiting the generality of the foregoing, flood and earthquake. Such insurance, together with the blanket earnings and extra expense insurance below mentioned, shall be in the amount

required to pay the principal of the Bonds as they mature in the normal course of events without a default on such Bonds;

(2) Blanket earnings and extra expense insurance, covering loss of revenues by reason of the total or partial suspension of, or interruption in, the operation of the Facilities caused by the damage to or destruction of any part of the Facilities, with such exceptions as are customarily imposed by insurers covering a period of suspension or interruption, and in such amount as will provide Revenues equal to the Maximum Annual Debt Service on the Bonds together with an amount, determined by the Manager, required to pay salaries of key personnel of the Facilities during any 12-month period of such suspension, interruption or destruction of the Facilities or its operation;

(3) Comprehensive general liability insurance, protecting the Company and the Manager, as their interests may appear, against liability for injuries to persons and/or property, occurring on, in or about the Facilities in the minimum amount of \$1,000,000 combined bodily injury and property damage liability as supplemented by general liability coverage under a \$2,000,000 umbrella policy;

(4) Worker's compensation insurance respecting all employees of the Company and all persons engaged in work at the Facilities in such amount as is required by law;

(5) Professional liability insurance in the amount of not less than \$1,000,000; and

(6) Comprehensive automobile liability insurance with \$1,000,000 combined bodily injury and property damage per occurrence and \$1,000,000 aggregate coverage.

The insurance required to be maintained pursuant hereto shall be subject to a review at least once every three (3) years, commencing in the first year after the date of the Indenture, unless the Trustee requires more frequent review and except as to any self-insurance program which shall be reviewed annually by an independent insurance consultant, and the Company agrees that it will follow any recommendations of the independent insurance consultant, except to the extent that its Board of Directors determines that such recommendations are not feasible, the reasons for such determination to be set forth in an Officer's Certificate delivered to the Trustee which states the Company's concurrence with such decision. Each insurance policy provided for in this Section 5.6 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the Trustee or the Issuer, without first giving written notice thereof to the Trustee and the Issuer at least 30 days in advance of such cancellation or modification. All insurance policies issued pursuant to this Section 5.6 shall be deposited with the Trustee.

Section 5.7. *Rate Covenant.* With respect to Bonds, the Company shall do the following:

(a) Prior to the commencement of each Fiscal Year, commencing with the Fiscal Year beginning July 1, 1992, the Company will fix, establish and maintain, or cause to be fixed, established and maintained, such rates, rentals and charges for the provision of services in the Facilities, and revise, or cause to be revised, the same prior to the commencement of each Fiscal Year, as necessary, as will produce Revenues at least equal in such Fiscal Year to the total of (i) Operating Expenses and Management Fees budgeted for such Fiscal Year plus (ii) 120% of the aggregate of the debt service to become due during such Fiscal Year.

(b) The Company will, within 30 days after the end of each Fiscal Year, so long as Bonds are Outstanding, deliver to the Trustee an Officer's Certificate reflecting the Company's compliance with the rate covenant in this Section 5.07.

(c) If the Company is unable to deliver the Officer's Certificate described in paragraph (b) above, the Company will, at least one month prior to the time fixed for the filing of the next Operating Budget, cause a Consultant to submit a report to the Trustee showing for the next succeeding Fiscal Year the projected Revenues, debt service, Operating Expenses and Management Fees for said next succeeding Fiscal Year and setting forth the recommendations of the consultant for the revision of rates, rentals and charges, if necessary, in order to satisfy the covenant set forth in paragraph (a) above to the extent permitted by policies and guidelines of the State's Department of Health and Rehabilitative Services ("HRS") on the basis of projected debt service, projected Operating Expenses and projected Management Fees for the next succeeding Fiscal Year.

Section 5.8. Accounts and Reports.

(a) The Company will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made relating to the Facilities, which will at all reasonable times be subject to the inspection of the Trustee, the Issuer and the Owners of an aggregate of not less than 10% in principal amount of Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, or their representatives duly authorized in writing.

(b) The Company will annually file with the Trustee and the Issuer within 120 days after the close of each Fiscal Year, a copy of an audited annual financial report as to the obligations and activities of the Company on a consolidated basis with respect to the Facilities during such Fiscal Year, which shall include as other financial information the individual operations of the Facilities and certain audited financial statements, and audited financial statements for such Fiscal Year, setting forth in reasonable detail:

(i) a balance sheet at the end of such Fiscal Year;

(ii) a statement of revenues and expenses in accordance with the categories or classifications established by for its operating and program purposes and showing the revenues and expenses of the Company during such Fiscal Year; and

(iii) a statement of changes in financial position as of the end of such Fiscal Year.

The financial statements must be accompanied by an accountant's certificate stating that the financial statements examined fairly present the financial position of the Company on a consolidated basis relating to the Facilities at the end of the Fiscal Year, and that the results of their operations and the changes in financial position for the period examined are in conformity with Generally Accepted Accounting Principles.

(c) Any financial statements required hereunder may be presented on a consolidated or combined basis with other reports of the Company, so long as the information relating to the Facilities is separately identified.

Section 5.9. *Operating Budgets.*

(a) The Company will adopt an Operating Budget covering the fiscal operations of the Facilities for the Fiscal Year not later than the first day of such Fiscal Year, and will file the same with the Trustee. The Operating Budget will set forth for such Fiscal Year the estimated Revenues, the principal of and interest on the Bonds due and payable or estimated to become due and payable during such Fiscal Year and estimated Operating Expenses, Management Fees and debt service on the Bonds in monthly allotments. The Company may at any time adopt and file with the Trustee an amended Operating Budget in the manner provided in the Indenture for the adoption of the Operating Budget. Copies of the Operating Budget as then amended and in effect will be made available by the Trustee at normal business hours at the Trustee's principal corporate trust office for inspection by any Owner. In the event the Company does not adopt an Operating Budget for a Fiscal Year on or before the first day of such Fiscal Year, the Operating Budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for such Fiscal Year until the Operating Budget for such Fiscal Year has been adopted as above provided.

(b) The Company will not expend for Operating Expenses in any Fiscal Year an amount in excess of the reasonable or necessary amount thereof.

Section 5.10. *Special Arbitrage Certification.* The Company covenants not to cause or direct any moneys on deposit in any fund or account under the Indenture to be used in a manner which would cause the Tax-Exempt Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, the Company certifies and covenants to and for the benefit of the Issuer and the Owners of the Tax-Exempt Bonds that so long as there are any Tax-Exempt Bonds Outstanding, moneys on deposit in any fund or account in connection with the Tax-Exempt Bonds, whether such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, will not be used in a manner which will cause the Tax-Exempt Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. The Company will be responsible for any calculations or determinations which may be required in connection with or for the purposes of complying with Sections 143 or 148 of the Code or any applicable Treasury Regulations.

Section 5.11. *No Recourse.* Except for the obligations to the Issuer under Sections 6.2, 7.4 and 9.10 of this Agreement, the obligations of the Company hereunder are not general obligations but are special, limited obligations thereof, payable solely from the Facilities and the Revenues.

[End of Article V]

ARTICLE VI

ADDITIONAL COVENANTS; INDEMNIFICATION

Section 6.1. *Additional Covenants.* Until the expiration of the statute of limitations then applicable after the final maturity of the Bonds or their defeasance under the Indenture, the Company shall include the Issuer as a named insured on its medical liability and malpractice insurance coverage and its public liability insurance coverage (including any self-insurance programs).

Section 6.2. *Indemnification and Nonliability of the Issuer and the Trustee.* The Company covenants and agrees, at its expense, to pay, and to indemnify and save the Issuer and the Trustee and their members, directors, officers, employees and agents harmless from and against, any and all claims, damages, demands, expenses, liabilities and taxes of any character or nature whatsoever, regardless of by whom imposed, and losses of every conceivable kind, character and nature whatsoever, including, but not limited to, claims arising under federal or state securities laws or otherwise arising in connection with the offer or sale of the Bonds, or claims for loss or damage to any property or injury to or death of any person, asserted by or on behalf of any person, and arising out of, resulting from or in any way connected with the Facilities or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about the Facilities.

The Company also covenants and agrees, at its expense, to pay, and to indemnify and save the Issuer and the Trustee and their members, directors, officers, employees and agents harmless, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the Issuer or the Trustee or their members, directors, officers, employees or agents by reason of any such claim or demand, the Company, upon notice from the Issuer or the Trustee, covenants to resist and defend such action or proceeding on demand of the Issuer or the Trustee or their directors, officers, employees or agents. Notwithstanding the foregoing, neither the Issuer nor its members, directors, officers, employees and agents shall be indemnified against liability for damage arising out of bodily injury to persons or damage to property caused by its own willful and malicious acts or omissions or willful and malicious acts or omissions of its own members, directors, officers, agents or employees.

The Company also covenants and agrees, at its expense, to pay, and to indemnify the Issuer and the Trustee from and against all costs, expenses and charges, including reasonable counsel fees, incurred to enforce any covenant or agreement of the Company contained in this Agreement or the Indenture.

[End of Article VI]

ARTICLE VII

EVENTS OF DEFAULT; TERMINATION

Section 7.1. *Events of Default.* The following shall be "Events of Default" under this Agreement whatever the reason for such default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) The Company shall fail to transfer Revenues to the Trustee at the times such transfers are required under the Indenture;

(b) the Company shall fail duly to observe or perform any other covenant or agreement on their part contained in this Agreement for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Company by the Issuer or the Trustee or to the Company and the Trustee by the Owners of a majority in aggregate principal amount of Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds; or, in the case of any such default which can be cured by the Company but cannot reasonably be cured within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Company within such 30-day period and diligently pursued until the default is corrected and, in the case of a default in the rate covenant set forth in Section 5.7(a)(i) of this Agreement, it shall not constitute an Event of Default if (1) a Consultant delivers a certificate pursuant to Section 5.7(c) of this Agreement that rates, rentals and charges cannot be further increased within the policies and guidelines of HRS and (2) the projected Revenues for the Fiscal Year at least equal the total of Operating Expenses and Management Fees budgeted for such Fiscal Year and 100% of the aggregate of the debt service to become due during such Fiscal Year; or

(c) any representation or warranty made by the Company herein or made by the Company in any statement or certificate furnished by the Company either required hereby or in connection with the execution and delivery of this Agreement, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected within thirty (30) days after notice thereof to the Company by the Issuer, the Trustee or the Owners of twenty-five percent (25%) or more in aggregate principal amount of Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds.

Upon the occurrence and during the continuation of an Event of Default, then and in each and every such case, unless the principal of Bonds shall have already become due and payable, the Trustee may, and if requested by the Owners of not less than a majority in aggregate principal amount of Senior Bonds Outstanding or if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds, the Trustee or the Issuer with the written consent of the Trustee shall by notice in writing to the Company, (a) declare Revenues equal to the principal of all Bonds to be due and payable immediately as liquidated damages under this Agreement and not as a penalty, or (b) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement. This provision is subject to the condition that if, at any time after the principal of all Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all such Bonds and the principal and premium, if any, of all such Bonds that shall have become due otherwise

than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the highest rate of interest borne by any Bond) and the expenses of the Issuer and the Trustee, and any and all Events of Default under this Agreement, other than an Event of Default described in Section 7.1(a), shall have been remedied, the Trustee may waive all Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default, or shall impair any right consequent thereon.

Any amounts collected pursuant to action taken under this Section 7.1 shall be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture.

Section 7.2. Rescission of Acceleration. At any time after a declaration of acceleration has been made under this Agreement, but before the Trustee has exercised any other remedy specified herein, the Trustee, by written notice to the Issuer and the Company, shall rescind and annul such declaration and its consequences if:

(a) there has been paid to or deposited with the Trustee or by or on behalf of the Company, or provision satisfactory to the Trustee has been made for the payment of, a sum sufficient to pay:

(i) all overdue installments of interest on all Bonds;

(ii) the principal of and premium, if any, on any Bonds which have become due otherwise than by declaration of acceleration and interest thereon at the rate borne by the respective Bonds;

(iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate of interest borne by the respective Bonds;

(iv) any expenses of the Issuer or the Trustee in connection with the default or this Agreement; and

(b) all Events of Default, other than the nonpayment of the principal of and interest on the Bonds which principal and interest have become due solely by such acceleration, have been cured or waived.

No such rescission and amendment shall affect any subsequent default or impair any right consequent thereon.

If a declaration of acceleration is rescinded, the parties hereto shall be placed in the same position as existed prior to such acceleration.

Section 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than such notice as may be required in this Article VII. Such rights and remedies as are given to the Issuer hereunder shall also extend to the Trustee, and the

Trustee and the Owners, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained. Termination of this Agreement shall not be a remedy under this Article VII.

Section 7.4. *Agreement To Pay Attorneys' Fees and Expenses.* In the event the Company should default under any of the provisions of this Agreement and Issuer should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to Issuer the reasonable fee of such attorneys and such other expenses so incurred by Issuer.

Section 7.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

[End of Article VII]

ARTICLE VIII

RIGHTS IN FAVOR OF COMPANY

Section 8.1. *Rights To Terminate Agreement.* The Company shall have, and is hereby granted, the right to terminate this Agreement at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), by making provision satisfactory to the Trustee for payment of the Outstanding Bonds in accordance with the provisions of the Indenture, including the payment to the Trustee of an amount which, when added to the amount on deposit in the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Depreciation Reserve Fund and the Operation and Maintenance Fund will be sufficient to pay, retire and redeem all the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption and Trustee's and Paying Agent's fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and by paying to the Issuer any and all sums then due to the Issuer under this Agreement.

Section 8.2. *Termination on Damage, Destruction or Condemnation.*

(a) If, during the term of this Agreement, (i) the Facilities or any portion thereof are destroyed, or are damaged by fire or other casualty; (ii) title to, or the temporary or permanent use of the Facilities or any portion thereof or the estate of the Issuer or the Company in the Facilities or any portion thereof shall be taken under the power of eminent domain by any governmental authority; (iii) a material defect in construction of the Facilities shall become apparent; or (iv) title to or the use of all or any portion of the Facilities shall be lost by reason of a defect in title thereto, then the Company shall cause the net proceeds of any insurance policies, performance bonds or condemnation awards to be deposited in a separate trust fund held by the Trustee. Except as set forth in Section 8.2(b) of this Agreement, all net proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Facilities upon receipt of requisitions acceptable to the Trustee stating with respect to each payment to be made: (1) the requisition number; (2) the name and address of the person, firm or corporation to whom payment is due; (3) the amount to be paid; and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The balance of any such net proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to prepayment of the principal of the Bonds pursuant to the terms of the Indenture. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such net proceeds shall be the property of the Issuer, subject to this Agreement, and shall be included as part of the Facilities under this Agreement.

(b) If the net proceeds (plus any amount withheld therefrom by reason of any deductible clause) shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Facilities as required under Section 8.2(a) of this Agreement, the Company may elect to proceed under either of the following options:

(i) The Company may complete the work and pay any cost in excess of the amount of the net proceeds, and the Company agrees that, if by reason of any such

insufficiency of the net proceeds, the Company shall make any payments pursuant to the provisions of this Section 8.2(b), the Company shall not be entitled to any reimbursement therefor from the Issuer or the Trustee nor shall the Company be entitled to any offset against Revenues payable under this Agreement.

(ii) The obligation of the Company to repair or replace the Facilities under Section 8.2(a) of this Agreement may, at the option of the Company, be discharged by causing the net proceeds of such insurance policies, performance bonds or condemnation awards to be applied to the mandatory redemption of the Bonds pursuant to the terms of the Indenture. In the event the net proceeds shall exceed the amount so required, such excess shall be paid to or retained by the Company.

Within 90 days of the occurrence of an event specified in Section 8.2(a) of this Agreement, the Company shall commence the repair, restoration, modification, improvement or replacement of the Facilities, or shall elect, by written notice to the Issuer and the Trustee, to proceed under the provisions of this Section 8.2(b). For purposes of this Section, "commence" shall include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Facilities. In the event that the Company shall, after commencing the repair, restoration, modification, improvement or replacement of the Facilities, determine that the net proceeds (plus any amount withheld therefrom by reason of any deductible clause) shall be insufficient for the accomplishment thereof, the Company may elect to proceed under this Section 8.2(b).

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS

Section 9.1. *Waiver of Statutory Rights.* The rights and remedies of the Issuer, the Company and the Trustee under this Agreement and the Indenture shall not be adversely affected by any laws, ordinances or regulations, whether federal, state, county, municipal or otherwise, which may be enacted or become effective from and after the date of this Agreement affecting or regulating or attempting to affect or regulate the Revenues and other amounts due hereunder.

Section 9.2. *Remedies Cumulative.* Each right, power and remedy of the Issuer and the Trustee provided for in this Agreement and the Indenture shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided in this Agreement and the Indenture, or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by the Issuer of any one or more of the rights, powers or remedies provided for in this Agreement or the Indenture now or hereafter existing at law or in equity or by statute, or otherwise shall not preclude the simultaneous or later exercise of any of all such other rights, powers or remedies.

Section 9.3. *Amendments, Changes and Modifications.* Except as otherwise provided in this Agreement or in the Indenture, subsequent to the issuance of Bonds and prior to the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, in accordance with the provisions of the Indenture.

Section 9.4. *Applicable Law.* This Agreement, and the Indenture shall be governed exclusively by the provisions hereof and by the applicable laws of the State.

Section 9.5. *Severability.* In the event that any clause or provision of this Agreement or the Indenture shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions of such instrument.

Section 9.6. *Notices and Demands.* All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Agreement shall be in writing, and shall be deemed to have been properly given and received if sent by United States first class mail, postage prepaid (a) if to Company, addressed to GF/Amelia Island Properties, Inc., Suite 611, Eleven Piedmont Center, 3495 Piedmont Road, N.E., Atlanta, Georgia 30305, Attention: President, or at such other address as the Company from time to time may have designated by written notice to the Issuer and the Trustee; (b) if to the Issuer, addressed to Nassau County, Florida Board of County Commissioners, P.O. Box 456, 416 Center Street, Fernandina Beach, Florida 32034, Attention: Clerk of Court, or at such address as the Issuer may have designated, from time to time, by written notice to the Company and the Trustee; and (c) if to the Trustee, addressed to NationsBank of Georgia, National Association, 9th Floor, 600 Peachtree Street, N.E., Atlanta, Georgia 30308, Attention: Corporate Trust Department.

Section 9.7. *Successors and Assigns; Leasing.* The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including any person taking any interest in the Facilities pursuant to the Mortgage. This Agreement may not be assigned by the Company without the consent of the Issuer. The Facilities may be leased, as a whole or in part, by the Company, with the consent of the Issuer, subject to each of the following conditions:

(a) The Facilities may be leased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of Bond Counsel acceptable to the Issuer, such lease will not impair the exclusion from federal income tax of the interest on the Tax-Exempt Bonds;

(b) This Agreement, and the obligations of the Company hereunder, shall, at all times during the term of this Agreement, remain obligations of the Company; and

(c) No lease by the Company shall cause the Facilities to be used for any purpose which would adversely affect the exclusion from federal income taxation of the interest on the Tax-Exempt Bonds, or which would violate the constitution, statutes or laws of the State.

Section 9.8. *Multiple Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument; provided, however, that for purposes of Article 9 of the Uniform Commercial Code of the State, no security interest in this Agreement may be created by the transfer or possession of any counterpart hereof other than the counterpart containing the receipt therefor executed by the Trustee on or immediately following the signature page of such counterpart.

Section 9.9. *Amendments, Changes and Modifications of Indenture.* The Issuer covenants and agrees that, during the term of this Agreement, as long as the Company is not in a continuing default under this Agreement, the Issuer will not, without the prior written consent of the Company, enter into or consent to any amendment, assignment, change or modification of the Indenture which would adversely affect the Company's rights under this Agreement or the Indenture.

Section 9.10. *No Liability of Individual Officers, Directors or Trustees.*

(a) Notwithstanding anything to the contrary contained herein or in any of the Bonds, this Agreement or the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, director, trustee, officer, employee or agent of the Issuer, or of any incorporator, member, commissioner, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds, this Agreement, the Indenture or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Agreement, the Indenture, the Bonds or such other instruments or documents, unless the Issuer is requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses

(a) The Facilities may be leased, in whole or in part, only to an agency or department or political subdivision of the State, or to another entity or entities if, in the opinion of Bond Counsel acceptable to the Issuer, such lease will not impair the exclusion from federal income tax of the interest on the Tax-Exempt Bonds; .

(b) This Agreement, and the obligations of the Company hereunder, shall, at all times during the term of this Agreement, remain obligations of the Company; and

(c) No lease by the Company shall cause the Facilities to be used for any purpose which would adversely affect the exclusion from federal income taxation of the interest on the Tax-Exempt Bonds, or which would violate the constitution, statutes or laws of the State.

Section 9.8. *Multiple Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument; provided, however, that for purposes of Article 9 of the Uniform Commercial Code of the State, no security interest in this Agreement may be created by the transfer or possession of any counterpart hereof other than the counterpart containing the receipt therefor executed by the Trustee on or immediately following the signature page of such counterpart.

Section 9.9. *Amendments, Changes and Modifications of Indenture.* The Issuer covenants and agrees that, during the term of this Agreement, as long as the Company is not in a continuing default under this Agreement, the Issuer will not, without the prior written consent of the Company, enter into or consent to any amendment, assignment, change or modification of the Indenture which would adversely affect the Company's rights under this Agreement or the Indenture.

Section 9.10. *No Liability of Individual Officers, Directors or Trustees.*

(a) Notwithstanding anything to the contrary contained herein or in any of the Bonds, this Agreement or the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, director, trustee, officer, employee or agent of the Issuer, or of any incorporator, member, commissioner, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds, this Agreement, the Indenture or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Agreement, the Indenture, the Bonds or such other instruments or documents, unless the Issuer is requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses

(including attorney's fees) to be incurred in such action, (ii) no member of the Issuer or any officer, attorney, employee or agent of the Issuer shall be personally liable to the Company, the Trustee or any other person for any action taken by the Issuer or by its officers, attorney, agents of employees, or for any failure to take action, under this Agreement, the Indenture, the Bonds or such other instruments or documents, except that the Issuer agrees to take or refrain from taking any action required by an injunction or required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under this Agreement, the Indenture, the Bonds or such other instruments or documents, shall be payable solely from the Revenues derived from the Facilities, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

The foregoing provisions of this Section 9.10 shall survive the payment, prepayment or redemption of the Bonds and the termination of this Agreement and the Indenture.

Section 9.11. *Loss on Investments Under Indenture.* Subject to the provisions contained in the Indenture, the Company agrees to pay to the Trustee upon receipt of written notice any loss sustained in the investment of any funds authorized under Section 4.04 of the Indenture in accordance with the Indenture.

Section 9.12. *Accounting Principles.* The Company shall maintain accounting records in accordance with generally accepted accounting principles.

Section 9.13. *Limitation of Warranties.* The Company and the Issuer make no representations or warranties except those representations and warranties expressly made by the Company or the Issuer in this Agreement or other documents related to the issuance of the Bonds.

Section 9.14. *Captions.* Any captions preceding the texts of the several sections and articles hereof and the table of contents shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction and effect.

Section 9.15. *Further Assurances and Corrective Instruments.* The Company and the Issuer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for carrying out the expressed intention of this Agreement.

Section 9.16. *Entire Agreement.* This Agreement constitutes the entire agreement and supersedes all prior agreements both written and oral with respect to the subject matter hereof.

[Signatures Begin on the Following Page]

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

[SEAL]

NASSAU COUNTY, FLORIDA

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

[Signatures Continued on the Following Page]

[Counterpart Signature Page to the Loan Agreement]

[SEAL]

GF/AMELIA ISLAND PROPERTIES, INC.

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

EXHIBIT A

DESCRIPTION OF FACILITIES

**MORTGAGE
AND
SECURITY AGREEMENT**

GF/AMELIA ISLAND PROPERTIES, INC.,

AS MORTGAGOR

TO

NASSAU COUNTY, FLORIDA,

AS MORTGAGEE

September 1, 1992

THE RIGHTS OF NASSAU COUNTY, FLORIDA UNDER THIS MORTGAGE AND SECURITY AGREEMENT (EXCEPT FOR AMOUNTS PAYABLE UNDER SECTION 2.15 HEREOF) HAVE BEEN ASSIGNED TO NATIONSBANK OF GEORGIA, NATIONAL ASSOCIATION, AS TRUSTEE, 9TH FLOOR, 600 PEACHTREE STREET, N.E., ATLANTA, GEORGIA 30308 (ATTENTION: CORPORATE TRUST DEPARTMENT), PURSUANT TO THIS MORTGAGE AND SECURITY AGREEMENT AND AN INDENTURE OF TRUST DATED AS OF SEPTEMBER 1, 1992, BETWEEN THE MORTGAGEE AND SUCH TRUSTEE. INFORMATION CONCERNING SUCH INDENTURE MAY BE OBTAINED FROM SUCH TRUSTEE AT ITS ADDRESS SET FORTH ABOVE. THIS INSTRUMENT IS EXEMPT FROM INTANGIBLE TAXES AND DOCUMENTARY EXCISE TAXES IMPOSED UNDER THE LAWS OF THE STATE OF FLORIDA.

This instrument prepared by:
Donald P. Ubell, Esq.
Michael A. Kazamias, Esq.
Kutak Rock & Campbell
4400 Georgia-Pacific Center
133 Peachtree Street, N.E.
Atlanta, GA 30303

MORTGAGE AND SECURITY AGREEMENT

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This Table of Contents is not a part of the Mortgage and Security Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Mortgage and Security.

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**MORTGAGE AND SECURITY AGREEMENT
AND ASSIGNMENT OF MORTGAGE**

DATE: SEPTEMBER 1, 1992
MORTGAGOR: GF/AMELIA ISLAND PROPERTIES, INC.
MORTGAGEE: NASSAU COUNTY, FLORIDA
MORTGAGE AMOUNT: \$5,720,000*
MATURITY DATE: SEPTEMBER 1, 2022
LOCATION OF PREMISES: NASSAU COUNTY, FLORIDA

W I T N E S S E T H :

WHEREAS, GF/Amelia Island Properties, Inc. (the "Mortgagor") is a not-for-profit corporation validly organized and existing under the laws of the State of Florida, and is authorized to transact business in the State of Florida (the "State");

WHEREAS, Nassau County, Florida, a political subdivision organized and existing under and by virtue of the constitution and the laws of the State, (the "Mortgagee"), is issuing its \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, its \$360,000 Taxable ICF/MR Subordinated Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and its \$210,000 ICF/MR Subordinated Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (collectively, the "Bonds"), pursuant to an Indenture of Trust dated as of September 1, 1992 (the "Indenture") between the Mortgagee and NationsBank of Georgia, National Association, as trustee (the "Trustee"); and

WHEREAS, the Mortgagee has entered into a Loan Agreement dated as of September 1, 1992 (the "Agreement") with the Mortgagor under which the Mortgagee has agreed to issue its Bonds and to lend the proceeds thereof to the Mortgagor for the purpose of financing the cost of (i) the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"); the Mortgagor has agreed to pay all Revenues (as defined in the Indenture) to the Mortgagee, and the payments of the Mortgagor to the Mortgagee have been assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds;

NOW, THEREFORE, in order to secure the payment of all amounts due under the Agreement and the Bonds, including premium, if any, thereon, together with the interest thereon, at the rates and the times and in the manner specified in the Indenture, and any other sums payable under the Indenture, the Agreement and this Mortgage, and to secure the performance and observance of all the provisions hereof and of the Agreement, including, without limitation, the payment to the Mortgagee of the Mortgage Amount, as above set forth, and any other sums owed by the Mortgagor pursuant to the Agreement or advanced by the Mortgagee to protect or preserve the Mortgaged Premises (as hereinafter defined) to the

*Preliminary, subject to change.

extent the aggregate of such sums and any other sums expended pursuant to the Indenture, the Agreement or hereto exceed the Mortgage Amount, the Mortgagor does hereby grant, bargain, sell, convey, pledge, assign and mortgage to the Mortgagee, its successors and assigns, the interests in property described in the following Granting Clauses One through Six inclusive (all of which are hereinafter collectively referred to as the "Mortgaged Premises"), and does hereby grant to the Mortgagee, its successors and assigns, a security interest in said Mortgaged Premises:

GRANTING CLAUSE ONE

The fee simple title of the Mortgagor in and to the Facilities.

GRANTING CLAUSE TWO

All of the right, title and interest of the Mortgagor in and to (a) all buildings and other improvements and additions thereto now erected or hereafter constructed or placed upon the Facilities or any part thereof (collectively, the "Facilities Building"); (b) to the extent permitted by law, the name or names, if any, as may now or hereafter be used for each Facilities Building, and the good will associated therewith; and (c) all machinery, devices, fixtures, apparatus, interior improvements, appurtenances, building materials and equipment of every kind and nature whatsoever now or hereafter attached to or placed in or upon the Facilities or the Facilities Building, or any part thereof, or used or procured for use in connection with the operation of the Facilities or the Facilities Building or any business conducted thereon (except for fixtures and personal property that are at any time the property of Tenants, as defined herein), all of the foregoing, except as aforesaid, hereinafter collectively called "Equipment";

GRANTING CLAUSE THREE

All right, title, and interest of the Mortgagor in and to all furniture, furnishings, decorations, chattels and other personal property now or hereafter in, on or at said Facilities or Facilities Building (except for fixtures and personal property that are at any time the property of Tenants), all of the foregoing, except as aforesaid, hereinafter collectively called "Furnishings";

GRANTING CLAUSE FOUR

All right, title and interest of the Mortgagor in and to all Revenues (as defined in the Indenture) derived from the operation of the Facilities, and proceeds of investment thereof, subject to the further provisions of this Mortgage, the Agreement and the Indenture;

GRANTING CLAUSE FIVE

All of the rents, issues, benefits, income and profits of the Mortgaged Premises, including all subleases, occupancy agreements, licenses, franchises and appurtenances now or hereafter entered into covering any part of the Mortgaged Premises, and all payments thereunder, all of which are hereby assigned to the Mortgagee, subject, however, to the right of the Mortgagor to receive and use the same; and

GRANTING CLAUSE SIX

The proceeds from the disposition of the Mortgaged Premises or any portion thereof as permitted herein.

TO HAVE AND TO HOLD the Mortgaged Premises, together with all rights, hereditaments and appurtenances in any wise appertaining or belonging thereto, unto the Mortgagee, its successors and assigns, forever for the uses set forth herein.

ARTICLE I

CERTAIN DEFINITIONS

In addition to other definitions contained herein, the following terms shall have the meanings set forth below, unless the context of this Mortgage otherwise requires. All other capitalized, undefined terms used herein shall have the respective meanings ascribed thereto in the Indenture and the Agreement, unless otherwise expressly provided or unless the context otherwise requires.

"Agreement" means the Loan Agreement dated as of September 1, 1992 between the Mortgagee and the Mortgagor, as amended or supplemented from time to time.

"Assessments" means all duties, taxes, charges, assessments (including, but not limited to, all assessments for public improvement or benefit), charges for public utilities, excises, levies, licenses and permit fees and other charges, ordinary or extraordinary, whether foreseen or unforeseen, of any kind and nature, whatsoever, which prior to or during the term of this Mortgage will have been or may be laid, levied, assessed or imposed on or with respect to or become due and payable out of or in respect of, or become a lien on the Mortgaged Premises, or any part thereof or appurtenances thereto.

"Bonds" means, collectively, the Mortgagee's ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, the Mortgagee's Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and the Mortgagee's ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C in an aggregate principal amount of \$5,720,000, and any Additional Bonds issued under the Indenture.

"Default" means any event or circumstance described as such in Section 6.01 hereof.

"Due and Payable" means, when used with reference to the principal of, premium, if any, or interest on any Bonds, when such Bonds are due and payable in accordance with the Indenture, whether at maturity, upon redemption, acceleration or otherwise, or when referring to any and all other sums secured by this Mortgage, the Agreement or the Indenture means due and payable, whether at date of payment or by acceleration or call for payment as provided hereunder or in the Indenture, or, in the case of Assessments, the last day upon which any charge may be paid without penalty and/or interest and/or without becoming a lien upon the Mortgaged Premises (other than liens for taxes not yet due and payable).

"Facilities" means the existing 70-bed intermediate care facility for the mentally retarded located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and a related day program services facility to be located in Nassau County, Florida (together with the real property on which they are located and any personal property of every name and nature now and from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Mortgagor or by anyone on its behalf, as more particularly described in Exhibit A attached to the Agreement).

"Governmental Authorities" means all federal, state, county, municipal and local governments and all departments, commissions, boards, bureaus and offices thereof, having or claiming jurisdiction over the Mortgagor or the Mortgaged Premises or any part thereof, including the Mortgagee.

"Indebtedness" means and includes the principal of, premium, if any, and interest on the Bonds in accordance with the Indenture and the Agreement, any other payments due to the Mortgagee under the Agreement, including the Revenues, and all other sums and charges at any time secured by or otherwise due under this Mortgage.

"Indenture" means the Indenture of Trust dated as of September 1, 1992 by and between the Mortgagee and the Trustee, as supplemented from time to time, constituting a trust agreement and indenture with the Trustee.

"Legal Requirements" means all present and future laws, ordinances, rules, regulations and requirements of all Governmental Authorities and all orders, rules and regulations of any national or local board of fire underwriters or other body exercising similar functions, foreseen or unforeseen, ordinary or extraordinary, which may be applicable to the Mortgaged Premises, or any part thereof, or to the sidewalks, alleyways, passageways, curbs and vaults adjoining the same, or to the use or manner of use of such of any of the foregoing, or to the owners, tenants, or occupants of the Mortgaged Premises, whether or not any such law, ordinance, rule, regulation or requirement shall necessitate structural changes or improvements or shall interfere with the use or enjoyment of any of the foregoing, and also means and includes all requirements of the policies of public liability, fire and all other insurance at any time in force with respect to any of the foregoing.

"Mortgage" means this instrument as originally executed or, if hereafter amended, modified or supplemented, as so amended, modified or supplemented.

"Mortgagee" means Nassau County, Florida, a political subdivision organized and existing under and by virtue of the constitution and the laws of the State.

"Mortgagor" means the Mortgagor herein named, any subsequent owner or owners of the Mortgaged Premises, and its or their respective heirs, executors, administrators, successors and assigns.

"Mortgagor Representative" means the person or persons at the time designated to act on behalf of the Mortgagor by written certificate furnished to the Mortgagee and the Trustee containing the specimen signatures of such person or persons and signed by the Mortgagor. Such certificate may designate an alternate or alternates.

"Owner" or "Owners" means the person or persons in whose name any Bond is registered on the books of the Mortgagee maintained by the Trustee, as Registrar.

"Permitted Encumbrances" means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or which the Mortgagee may, pursuant to the provisions of Section 2.04 hereof, permit to remain unpaid, and all exclusions, encumbrances or exceptions to insurance listed on Schedule B of the Title Policy, (b) utility, access and other easements and rights of way, restrictions and exceptions that the Mortgagor Representative certifies will not interfere with or impair the use intended to be made of the Facilities, (c) any mortgages, deeds of trust, security deeds or other liens on title to the Facilities which are subordinate to the Mortgage and to which either (i) the Owners of not less than a majority in principal amount of the Senior Bonds Outstanding consent or if no Senior Bonds are

Outstanding, the Outstanding Subordinate Bonds or (ii) the Trustee consents on behalf of said Owners of the Outstanding Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds as not being materially adverse to their interests, (d) mechanics, materialmens or suppliers liens which do not remain of record more than thirty (30) days or which are being contested as described in Section 2.04 hereof, (e) purchase money security interests in assets purchased by the Company for use in the ordinary course of its business, and (f) Permitted Encumbrances referred to in the Indenture.

"*Person*" means and includes any individual, corporation, partnership, unincorporated association, trust, governmental, quasi-governmental or other entity.

"*Rebate Fund*" means the Rebate Fund created pursuant to Section 4.01 of the Indenture.

"*Revenues*" means all rates, fees, receipts, rentals or other charges or other income received by the Mortgagor in connection with the management and operation of the Facilities, and all parts thereof, including amounts received from the investment or deposit of moneys in any fund created under Article IV of the Indenture other than the Rebate Fund and any amounts contributed by the Mortgagor, all as calculated in accordance with generally accepted accounting principles, and net proceeds of insurance or condemnation awards required to be transferred to the Trustee under Section 8.2 of the Agreement. "*Revenues*" do not include any amounts collected by the Mortgagor representing State sales taxes or State user fees which may be required by law or agreement to be paid to the State.

"*State*" means the State of Florida.

"*Title Policy*" means the mortgagee title insurance policy naming the Trustee as the insured on behalf of the Owner and delivered by the Mortgagor in connection with the closing of the transaction contemplated herein.

"*Trustee*" means NationsBank of Georgia, National Association, as trustee under the Indenture.

ARTICLE II

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants and agrees as follows:

Section 2.01. *Payment of Indebtedness.* The Mortgagor shall duly and punctually pay to the Mortgagee, as and when due and payable, the Indebtedness secured hereby.

Section 2.02. *Warranty of Title.* The Mortgagor warrants that (a) it is the lawful owner of fee simple title in and to the Facilities; (b) it has good, marketable and indefeasible fee simple title in and to the Facilities; (c) the Mortgaged Premises are free and clear of all deeds of trust, mortgages, liens, charges and encumbrances whatsoever except for the Permitted Encumbrances; (d) it will maintain and preserve the first priority lien of this Mortgage until the Indebtedness secured hereby has been paid in full; (e) it has good right and lawful authority to mortgage and assign the Mortgaged Premises as provided in and by this Mortgage; and (f) except for the Permitted Encumbrances, it will warrant and defend the same against any and all claims and demands whatsoever.

Section 2.03. *Due Authorization and Binding Effect.* The execution and delivery by the Mortgagor of this Mortgage and the Agreement and its performance hereunder and thereunder have been duly authorized by all necessary legal action and will not (a) require any further consent or approval of the Mortgagor; (b) violate any applicable provision of any law, rule, regulation, order, writ, judgment, injunction, decree, or determination of any court or governmental body or of the articles of incorporation or bylaws of the Mortgagor, and the Mortgagor is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree or determination; or (c) result in a breach of, or constitute a default under, any loan or credit agreement or any other agreement, lease or instrument to which the Mortgagor is a party or by which it or its properties (including, without limitation, the Mortgaged Premises) may be bound or affected. This Mortgage and the Agreement constitute legal and binding obligations of the Mortgagor, enforceable against the Mortgagor in accordance with their respective terms.

Section 2.04. *Payment of Assessments.*

(a) The Mortgagor will pay or cause to be paid, as and when Due and Payable, all Assessments levied upon the Mortgaged Premises or any part thereof and, upon the request of the Mortgagee, will deliver to the Mortgagee receipts evidencing the payment of all such Assessments. Notwithstanding the foregoing, if by law any Assessment may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance thereof), the Mortgagor shall have the right, provided that no Default shall then exist under this Mortgage or the Agreement, to exercise such option and to cause to be paid or to pay the same (and any accrued interest on the unpaid balance of such Assessment) in installments as they fall due and before any fine, penalty, further interest or cost may be added thereto.

(b) The Mortgagor will pay all taxes and other governmental charges (except income taxes of the Mortgagee), including, without limitation, stamp taxes and franchise or similar taxes based upon or measured by income, assessed by the United States government or any political subdivision thereof and imposed on the Mortgagee, its successors or assigns, by reason of the ownership of this Mortgage or the receipt of the interest payable on the Indebtedness secured hereby or payable by either the Mortgagor or the Mortgagee upon any increase in the Indebtedness secured hereby, or any modification, amendment, extension and/or consolidation hereof. The Mortgagor will also pay the whole of any tax imposed directly or indirectly on this Mortgage in lieu of a tax on the Mortgaged Premises, whether by reason of (i) the passage after the date of this Mortgage of any law of the State deducting from the value of real property for the purposes of taxation any lien thereon; (ii) any change in the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes; (iii) a change in the means of collection of any such tax or otherwise; or (iv) any tax, whether or not now existing, assessed against or withheld from, interest or other payments made by the Mortgagor or assessed against this Mortgage. The covenant contained in this paragraph (b) does not constitute a waiver of any exemption from taxes. Within a reasonable time after payment of any such tax or governmental charge, the Mortgagor will deliver to the Mortgagee satisfactory proof of payment thereof, subject, however, to the right of the Mortgagor to contest Assessments as hereinafter set forth. If the Mortgagor shall fail to pay such tax or charge within fifteen (15) days after notice, or if under applicable law the Mortgagor's agreement to pay the same shall be unenforceable, the Mortgagee, subject to the provisions of the Agreement and the Indenture, shall have the right to declare the entire unpaid Indebtedness secured hereby and all accrued and unpaid interest thereon due and payable on a date to be specified by not less than thirty (30) days after written notice to the Mortgagor.

(c) The Mortgagor shall have the right to contest the amount or validity, in whole or in part, of an Assessment, or to seek a reduction in the valuation of the Mortgaged Premises as assessed for real estate or personal property tax purposes, by appropriate proceedings diligently conducted in good faith, but only after payment of such Assessment, unless such payment would operate as a bar to such contest or interfere materially adversely with the prosecution thereof, in which event the Mortgagor may deposit the amount of such Assessment with the Mortgagee; and provided that, if at any time the Mortgaged Premises or any part thereof shall, in the Mortgagee's reasonable judgment, be in imminent danger of being forfeited or lost by reason of such nonpayment of Assessments, then the Mortgagor, on demand, shall immediately pay or cause to be paid the same.

(d) The certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Assessment indicating the nonpayment of such Assessment shall be prima facie evidence that such Assessment is Due and Payable but unpaid at the time of the making or issuance thereof.

Section 2.05. *Insurance.* From the date hereof until the Indebtedness secured hereby is paid in full, the Mortgagor shall at its own expense at all times maintain or cause to be maintained on all of the Facilities for the benefit of itself and the Mortgagee, to the extent obtainable, insurance as required by Section 5.6 of the Agreement.

Section 2.06. *To Comply with Laws.*

(a) The Mortgagor, at its own expense, will promptly cure all violations of law affecting the Mortgaged Premises and the use and operation of the Facilities and will comply, or cause to be complied with, all present and future Legal Requirements. Notwithstanding the foregoing, the Mortgagor shall have the right, after prior notice to the Mortgagee, to contest by appropriate legal proceedings, diligently conducted in good faith, the validity or application of any Legal Requirement if and so long as the Mortgagor shall promptly furnish to the Mortgagee a certificate to such effect showing the steps taken to comply with such provisions, provided that:

(i) if by the terms of any such Legal Requirement, compliance therewith pending the prosecution of any such proceeding may legally be delayed without incurring any lien, charge or liability of any kind against the Mortgaged Premises or any part thereof, and without subjecting the Mortgagor or the Mortgagee to any liability, civil or criminal, for failure so to comply therewith, the Mortgagor may delay compliance therewith until the final determination of any such proceeding; and

(ii) if any lien, charge or civil liability would be incurred by reason of any such delay, the Mortgagor nevertheless may contest as aforesaid and delay as aforesaid, provided that such delay would not subject the Mortgagee to criminal liability and the Mortgagor (A) furnishes to the Mortgagee security reasonably satisfactory to the Mortgagee against loss or injury by reason of such contest or delay and (B) prosecutes the contest with due diligence.

(b) Notwithstanding the provisions of Section 2.06(a) hereof, if any delay in compliance with any Legal Requirement shall, in the reasonable judgment of the Mortgagee, place all or any part of the Mortgaged Premises in imminent danger of being forfeited or lost, the Mortgagor shall, upon notice from the Mortgagee, immediately comply with such Legal Requirement.

(c) The Mortgagor will use and permit the use of the Mortgaged Premises only in strict accordance with any applicable licenses and permits issued by Governmental Authorities.

(d) The Mortgagor will procure, pay for and maintain all permits, licenses and other authorizations required to be procured and/or maintained by the owners and/or operators of the Mortgaged Premises for any use of the Mortgaged Premises, or any part thereof, then being made and for the lawful and proper operation and maintenance thereof.

Section 2.07. Limitation on Disposition of the Mortgaged Premises.

(a) The Mortgagor will not, directly or indirectly, sell, assign, mortgage, pledge, hypothecate, transfer or otherwise dispose of any interest in the Mortgaged Premises, without the prior written consent of the Mortgagee, except as provided in Section 2.10 hereof, and any such sale, encumbrance or other disposition without the Mortgagee's prior written consent shall be a Default hereunder.

(b) If the Mortgagor shall violate the terms and provisions of Section 2.07(a) hereof, in addition to all other rights and remedies available to the Mortgagee under this Mortgage, the Mortgagee shall, subject to the provisions of the Agreement and the Indenture, have the option, upon the giving of notice to the Mortgagor, of declaring the entire unpaid principal balance of the Bonds, together with all accrued and unpaid interest and all other sums and charges secured hereby, immediately Due and Payable.

Section 2.08. To Maintain Priority of Lien. This Mortgage is and will be maintained as a valid first priority mortgage lien on the Mortgaged Premises, and the Mortgagor will not, directly or indirectly, create or suffer, or permit to be created, a lien or charge to stand against the Mortgaged Premises or any portion thereof, or against the rents, issues and profits therefrom, and will promptly discharge, any lien or charge prior to or upon a parity with or junior to the lien of this Mortgage other than the Permitted Encumbrances; provided, however, that nothing herein contained shall require the Mortgagor to pay or cause to be paid any Assessment prior to the time the same shall become due or prevent the Mortgagor from contesting the validity of any such Assessment in accordance with the provisions of Section 2.04 hereof. The Mortgagor will keep and maintain the Facilities or the Mortgaged Premises, and every part thereof, free from all liens of persons supplying labor and materials in connection with the construction, alteration, repair, improvement or replacement of the Facilities. If any such liens shall be filed against the Facilities or the Mortgaged Premises, or any part thereof, the Mortgagor agrees to discharge the same of record, by bonding or otherwise, within thirty (30) days after the Mortgagor becomes aware of the filing thereof. The Mortgagor shall exhibit to the Mortgagee, upon request, all receipts or other satisfactory evidence of the payment of taxes, Assessments, charges, claims, liens or any other item which may cause any such lien to be filed against the Facilities or the Mortgaged Premises.

Section 2.09. Fees and Expenses. The Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any other security instrument with respect to the Mortgaged Premises and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage or any mortgage supplemental hereto, any other security instrument with respect to the Mortgaged Premises or any instrument of further assurance.

Section 2.10. *Maintenance of Mortgaged Premises; Covenant Against Waste; Inspection by the Mortgagee.* The Mortgagor will not commit or permit waste on the Mortgaged Premises and will keep and maintain, at its own expense, the Facilities in a first-class condition and state of repair so that each of the same shall meet or surpass the highest standards in the general area set by facilities of similar type, age and function for attractiveness of appearance, cleanliness and general soundness of condition. The Mortgagor will neither do, nor permit to be done, anything to the Mortgaged Premises that may impair the value thereof or which may violate any covenant, condition or restriction affecting the same, or any part thereof, or permit any change therein or in the condition or use thereof which will increase the danger of fire or other hazard arising out of the construction or operation thereof. The Facilities shall not be removed, demolished or substantially altered without the prior written consent of the Mortgagee, except where appropriate replacements free of superior title, liens or claims are immediately made of value at least equal to the value of the items removed. The Mortgagee, its authorized employees and/or its agents may enter and inspect the Facilities on reasonable notice at any time during normal business hours, and the Mortgagor shall, within thirty (30) days after demand by the Mortgagee (or immediately upon demand in case of emergency), make such repairs, replacements, renewals or additions, or perform such items of maintenance, to the Facilities as the Mortgagee may reasonably require in order to cause the Facilities to comply with the above standards.

Depreciable assets within the Facilities may be removed by the Mortgagor from the Facilities and released from the lien of this Mortgage only as hereafter authorized by this Section 2.10 and on the terms and conditions herein specified.

(a) Depreciable assets may be sold or exchanged upon receipt by the Mortgagor of consideration at least equal to its then fair market value, if any, and so removed if such consideration is applied toward acquisition and installation by the Mortgagor of equipment or other depreciable assets used in the conduct of the business of the Mortgagor and subject to the lien of this Mortgage or if the depreciable assets have a fair market value of less than \$1,000.

(b) Depreciable assets with a fair market value in excess of \$1,000 may be so removed from the Facilities upon payment to the Mortgagor of its then fair market value, if any, without replacement if it is certified to the Trustee as being obsolete or no longer useful and it is also certified to the Trustee that such action will not significantly alter the character or purpose or detract from the value or operating efficiency of the Facilities and will not significantly impair the revenue-producing capability of the Facilities.

(c) The proceeds from any sale consummated pursuant to this Section 2.10 shall remain subject to the lien of this Mortgage.

Section 2.11. *Environmental Matters.*

(a) Mortgagor hereby covenants and agrees, at its sole cost and expense and at no cost to the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof), to indemnify, protect, defend and save harmless the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof) from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, actions, proceedings, costs, disbursements and/or expenses (including, without limitation, loss of property value or defects in title to the Mortgaged Premises, attorneys' and experts' fees, expenses and disbursements, removal costs, clean up costs and liability to third parties) of any kind or nature

whatsoever (hereinafter collectively referred to as the "Payment Obligations") which Payment Obligations may, at any time whatsoever, be imposed upon, incurred by or asserted or awarded against the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof), and which relate to, result from or arise directly or indirectly out of (i) the use of the Mortgaged Premises for the storage, treatment, generation, transportation, processing, handling, production or disposal of any Hazardous Substance (as hereinafter defined) or as a landfill or other waste disposal site or for military, manufacturing or industrial purposes, (ii) the presence of any Hazardous Substance or a Release (as hereinafter defined) or the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises (including, without limitation, any presently existing contamination of the Mortgaged Premises), (iii) the failure to promptly undertake and diligently pursue to completion all necessary, appropriate and legally authorized investigative, containment, removal, clean up and other remedial actions with respect to a Release or the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises, (iv) human exposure to any Hazardous Substance, noises, vibrations or nuisances of whatever kind to the extent the same arise from the condition of the Mortgaged Premises or the ownership, use, operation, sale, transfer or conveyance thereof, (v) a violation of CERCLA (as hereinafter defined) or RCRA (as hereinafter defined) or any other applicable Environmental Law (as hereinafter defined), (vi) non-compliance with or violation of an Environmental Permit (as hereinafter defined), (vii) a misrepresentation, inaccuracy or failure in or of any representation or warranty or a breach of or failure to perform any covenant made by Mortgagor in this Section 2.11(a), (viii) any investigation, inquiry, order, hearing, action or other proceeding by or before any governmental agency which has resulted or is alleged to have resulted directly or indirectly from the matters described in clauses (i) through (vii) of this Section 2.11(a) or (ix) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against the Mortgagee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (i) through (vii) of this Section 2.11(a) or any allegation of any such matters; provided, however, that the foregoing indemnity shall not apply to any Payment Obligations to the extent such Payment Obligations arise from the willful misconduct or gross negligence of the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof), provided that such willful misconduct or gross negligence is determined to have occurred by a final and non-appealable decision of a court of competent jurisdiction. The obligations of Mortgagor under this Section 2.11(a) shall survive any foreclosure of this Mortgage, any conveyance of the Mortgaged Premises in lieu of such foreclosure, or the payment in full of the Indebtedness and the satisfaction and release of any document securing or evidencing the Indebtedness.

The term "Environmental" means anything pertaining to the water or water vapor, any land, including land surface, air, fish, wildlife, vegetation, biota and all other natural resources. The term "Environmental Liability" shall mean any claim, demand, obligation, cause of action, accusation, allegation, order, violation, damage (including, without limitation, foreseeable consequential damage), injury, judgment, penalty or fine, cost of enforcement, cost of remedial action or any other cost or expense whatsoever, including, without limitation, attorneys' fees and disbursements, resulting from the violation or alleged violation of any Environmental Law or from any Enforcement of Remedial Action (as hereinafter defined). The term "Environmental Law" shall mean and include any and all federal, state or local laws, statutes, ordinances, rules, regulations, orders or determinations of any governmental authority regulating, relating to or imposing liability or standards of conduct concerning, any Environmental matters, as now or at any time hereafter in effect, including, without limitation, the Clean Water Act, the Clean Air

Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, and as may be further amended from time to time ("CERCLA"), the Federal Water Pollution Control Act, the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Hazardous Materials Transportation Act of 1975, the Safe Drinking Water Act, the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the National Environmental Policy Act, the Emergency Planning and Community Right-To-Know Act of 1986, the United States Environmental Protection Agency's Rules concerning Underground Storage Tanks (codified in 40 C.F.R. Part 280, any so-called "Superfund" or "Superlien" law and any comparable or similar Environmental laws (whether state or federal), including all amendments thereto in effect from time to time and all rules and regulations promulgated from time to time thereunder. The term "Enforcement or Remedial Action" shall mean any step taken by any person or entity to enforce compliance with or to collect or impose penalties, fines or other sanctions provided by any Environmental Law. The term "Hazardous Substance" shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos (and any substance containing asbestos), urea formaldehyde foam insulation, the group of organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled, petroleum and petroleum-based products, including crude oil and any fraction thereof, natural gas or synthetic gas used for fuel, methane, hazardous materials, hazardous wastes, underground storage tanks or storage facilities and other substances or related materials defined as hazardous or toxic in, or otherwise included within the scope of, any Environmental Law. The term "Environmental Permits" means all permits, licenses, approvals, authorizations, consents or registrations required by any applicable Environmental Law in connection with the ownership, use and/or operation of the Mortgaged Premises for the storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances or the sale, transfer or conveyance of the Mortgaged Premises. The term "Release" has the same meaning as given to that term under CERCLA or any other applicable Environmental Law or under the regulations promulgated under CERCLA or any other applicable Environmental Law.

(b) Mortgagor hereby represents and warrants to the Mortgagee as follows:

(i) Neither the Mortgaged Premises nor any property adjacent to or within the immediate vicinity of the Mortgaged Premises is being or has been used for the storage, treatment, generation, transportation, processing, handling, production or disposal of any Hazardous Substance or as a landfill or other waste disposal site or for military, manufacturing or industrial purposes and there is and will be no facility in or on any of the Mortgaged Premises or on any of the property adjacent to or within the immediate vicinity of the Mortgaged Premises which is used for any of the aforementioned purposes.

(ii) Underground storage tanks are not and have not been located on the Mortgaged Premises.

(iii) The soil, subsoil, bedrock, surface water and groundwater of the Mortgaged Premises are free of any Hazardous Substances.

(iv) There has been no Release nor is there the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises or any property adjacent to or within the immediate vicinity of the premises which through soil, subsoil, bedrock, surface water or groundwater migration could come to be located on the premises, and Mortgagor has not received any form of notice (written or oral), inquiry or other information from any federal, state or local governmental agency or authority, any operator, tenant, subtenant, licensee or occupant of the Mortgaged Premises or any property adjacent to or within the immediate vicinity of the Mortgaged Premises or any other person with regard to a Release or the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises or any property adjacent to or within the immediate vicinity of the Mortgaged Premises.

(v) All Environmental Permits have been obtained and are in full force and effect.

(vi) No event has occurred with respect to the Mortgaged Premises which, with the passage of time or the giving of notice, or both, would constitute a violation of any applicable Environmental Law or non-compliance with any Environmental Permit.

(vii) There are no agreements, consent orders, decrees, judgments, license or permit conditions or other orders or directives (collectively, "Governmental Orders") of any federal, state or local court, governmental agency or authority relating to the past, present or future ownership, use, operation, sale, transfer or conveyance of the Mortgaged Premises which Governmental Orders require any change in the present condition of the Mortgaged Premises or any work, repairs, construction, containment, clean up, investigations, studies, removal or other remedial action or capital expenditures with respect to the Mortgaged Premises.

(viii) There are no actions, suits, claims or proceedings, pending or threatened, which seek money damages, injunctive relief, remedial action or any other remedy or could cause the incurrence of expenses or costs of any name or description and which arise out of, relate to or result from (A) a violation or alleged violation of any applicable Environmental Law or non-compliance or alleged non-compliance with any Environmental Permit, (B) the presence of any Hazardous Substance or a Release or the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises or any property adjacent to or within the immediate vicinity of the Mortgaged Premises or (C) human exposure to any Hazardous Substance, noises, vibrations or nuisances of whatever kind to the extent the same arise from the condition of the premises or the ownership, use, operation, sale, transfer or conveyance thereof.

(ix) No "Jurisdictional wetlands," as defined for purposes of Section 404 of the Clean Water Act, are located within any portion of the Mortgaged Premises.

(c) Mortgagor covenants and agrees with the Mortgagee as follows:

(i) Mortgagor shall keep, and shall cause all operators, tenants, subtenants, employees, licensees and occupants of the Mortgaged Premises, to keep the Mortgaged Premises free of all Hazardous Substances and shall not cause or permit the Mortgaged

Premises or any part thereof to be used for the storage, treatment, generation, transportation, processing, handling, production or disposal of any Hazardous Substances.

(ii) Mortgagor shall comply with, and shall cause all operators, tenants, subtenants, employees, licensees and occupants of the Mortgaged Premises to comply with, all applicable Environmental Laws and shall obtain and comply with, and shall cause all operators, tenants, subtenants, employees, licensees and occupants of the Mortgaged Premises to obtain and comply with, all Environmental Permits.

(iii) Mortgagor shall not cause or permit any change to be made in the present or intended use of the Mortgaged Premises which would (A) involve the storage, treatment, generation, transportation, processing, handling, production or disposal of any Hazardous Substance or the use of the premises as a landfill or other waste disposal site or for military, manufacturing or industrial purposes, (B) violate any applicable Environmental Law, (C) constitute non-compliance with any Environmental permit or (D) increase the risk of a Release of any Hazardous Substance.

(iv) Mortgagor shall promptly provide the Mortgagee with a copy of all notifications (whether written or oral) which Mortgagor gives or receives with respect to any past, present or future Release or threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises or any property adjacent to or within the immediate vicinity of the Mortgaged Premises. Mortgagor shall immediately notify the Mortgagee in writing upon becoming aware of any of the following:

(A) Any spill, release or disposal of a Hazardous Substance on any of the Mortgaged Premises, or in connection with any operations conducted on the Mortgaged Premises.

(B) Any contamination, or imminent threat of contamination, of the Mortgaged Premises by Hazardous Substances, or any violation of Environmental Laws in connection with the Mortgaged Premises or operations conducted on the premises.

(C) Any order, notice of violation, fine or penalty or other similar action by any governmental authority relating to Hazardous Substances or Environmental Laws and the Mortgaged Premises or the operations conducted on the Mortgaged Premises.

(D) Any judicial or administrative investigation, order, notice or proceeding relating to Hazardous Substances or Environmental Laws and to the Mortgaged Premises or the operations conducted on the Mortgaged Premises.

(E) Any matters relating to Hazardous Substances or Environmental Laws that may impair, or threaten to impair, the Mortgagee's first priority perfected lien on and security interest in the Mortgaged Premises or Mortgagor's ability to perform any of its obligations under this Mortgage, the Indenture, the Bonds or the Agreement when such performance is due.

(v) Mortgagor shall, in accordance with all applicable Environmental Laws and all Environmental Permits, undertake and complete all investigations, studies, sampling and testing and all removal and other remedial actions necessary to investigate, contain, remove and clean up all Hazardous Substances that are, at any time, determined to be present at the Mortgaged Premises.

(vi) Mortgagor shall at all times allow the Mortgagee and its officers, employees, agents, representatives, contractors and subcontractors reasonable access to the Mortgaged Premises for the purposes of ascertaining site conditions in order to inspect and investigate the premises and operations conducted on the Mortgaged Premises at any time and from time to time (and Mortgagor shall cooperate fully with the Mortgagee in such inspection and investigation) and, including, but not limited to, subsurface conditions. Mortgagor shall give the Mortgagee true, correct and complete copies of all environmental audits, test results, monitor results, reports of environmental engineers or other qualified persons, and a list of all cleanup and other remedial actions taken at the Mortgaged Premises, regardless of why such action was initiated.

(vii) If at any time the Mortgagee obtains any evidence or information which suggests that potential environmental problems may exist at the Mortgaged Premises, the Mortgagee may require that a full or supplemental environmental inspection and audit report with respect to the Mortgaged Premises of a scope and level of detail satisfactory to the Mortgagee be prepared by an environmental engineer, at Mortgagor's expense. Said inspection and audit report may include a physical inspection of the Mortgaged Premises, a visual inspection of any property adjacent to or within the immediate vicinity of the Mortgaged Premises, personnel interviews and a review of all Environmental Permits. If the Mortgagee requires, such inspection shall also include a records search and/or subsurface testing for the presence of Hazardous Substances in the soil, subsoil, bedrock, surface water and/or groundwater. If said inspection and audit report indicates the presence of any Hazardous Substance or a Release or the threat of a Release of any Hazardous Substance on, at or from the Mortgaged Premises, then Mortgagor shall promptly undertake and diligently pursue to completion all necessary, appropriate and legally required and authorized investigative, containment, removal, clean up and other remedial actions, using methods which are recommended by the environment engineer and which are acceptable to the appropriate federal, state and local agencies or authorities.

(viii) Mortgagor shall promptly deliver to the Mortgagee written notice of any event that would render any representation or warranty contained in Section 2.11(b) hereof incorrect in any respect if made at the time of discovery of such event.

Section 2.12. *After-Acquired Property.* All right and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Premises hereafter acquired, constructed, assembled or placed by the Mortgagor on the property subject to this Mortgage or the Agreement, and all conversions of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of the Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Mortgagor and specifically described in the Granting Clauses hereof, but at any time and all times the Mortgagor, on demand, will execute, acknowledge and

deliver to the Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

Section 2.13. *Further Assurances.* The Mortgagor shall, at its sole cost and without expense to the Mortgagee, on demand, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as the Mortgagee shall from time to time reasonably require for better assuring, conveying, assigning, transferring and confirming unto the Mortgagee the property and rights hereby mortgaged or assigned or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become bound to convey, mortgage or assign to the Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage.

Section 2.14. *Recorded Instruments.* The Mortgagor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting the Mortgaged Premises (other than non-contractual encumbrances hereafter affecting the Mortgaged Premises the validity or enforceability of which the Mortgagor is contesting in accordance with this Mortgage) where non-compliance therewith materially adversely affects the security of this Mortgage. The Mortgagor shall do, or cause to be done, all things reasonably required to preserve intact and unimpaired and to renew any and all rights-of-way, easements, grants, appurtenances, privileges, licenses, franchises and other interests and rights in favor of or constituting any portion of the Mortgaged Premises. The Mortgagor will not, without the prior written consent of the Mortgagee, initiate, join in or consent to any private restrictive covenant or other public or private restriction as to the use of the Mortgaged Premises. The Mortgagor shall, however, comply with all lawful restrictive covenants and zoning ordinances and other public or private restrictions affecting the Mortgaged Premises.

Section 2.15. *General Indemnification Covenant.*

(a) The Mortgagor hereby releases the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof) from and agrees that the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof) shall not be liable for, and to the maximum extent permitted by law, agrees to indemnify and hold the Mortgagee (including any person at any time serving as a member, employee, director, officer, trustee, official or agent of any thereof) harmless from: (a) any liability for any loss or damage to property or any injury to, or death of, any person that may be occasioned by any cause whatsoever pertaining to the Facilities, (b) any liabilities, losses or damages, or claims therefor, and expenses (including attorneys' fees), arising out of or in connection with this Mortgage or any of the transactions contemplated hereby or thereby or in any way connected with the Facilities or failure on the part of the Mortgagor to comply with any law, regulation or ordinance affecting the Facilities and (c) any liabilities, losses or damages, or claims therefor, arising out of or in connection with the issuance, sale and public or other offering of the Bonds, including, in each such case, attorneys' fees, except for any such liabilities, losses or damages, or claims therefor resulting from information provided by the Mortgagee, in connection with the issuance, sale and public or other offering of the Bonds which proves to have been materially incorrect or misleading when provided. If any such claim is asserted, the Mortgagee or any individual indemnified herein, as the case may be, will give prompt notice to the Mortgagor and will cooperate with the Mortgagor in the investigation and defense of any such claim, and the Mortgagor will assume the defense thereof by engaging counsel approved by the indemnified party (which approval shall not be

unreasonably withheld), it being understood that the indemnified party shall have the right to employ its own separate counsel and participate in such proceedings at its own cost and expense. The Mortgagor shall at its cost post such bond or other security as the Mortgagee or any individual indemnified hereunder may reasonably require with respect to any such claim during the pendency of any litigation.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Agreement, the Indenture or in any other instrument or document executed by or on behalf of the Mortgagee in connection herewith, the Mortgagee shall have no obligation to take action under the Agreement, the Indenture, the Bonds or such other instruments or documents, unless the Mortgagee is requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorney's fees) to be incurred in such action.

ARTICLE III

CONDEMNATION

Section 3.01. *Notice of Taking.* The Mortgagor shall promptly notify the Mortgagee of notice to it of the institution of any proceeding or negotiations for the taking of the Mortgaged Premises, or any part thereof, whether for permanent or temporary use and occupancy in condemnation or by the exercise of the power of eminent domain or by agreement of interested parties in lieu of such condemnation (all the foregoing herein called a "taking"); shall keep the Mortgagee currently advised, in detail, as to the status of such proceedings or negotiations and will promptly give to the Mortgagee copies of all notices, pleadings, judgments, determinations and other papers received or delivered by the Mortgagor therein. The Mortgagee shall have the right to appear and participate therein and may be represented by counsel of its choice. The Mortgagor will not, without the Mortgagee's consent, enter into any agreement for the taking of the Mortgaged Premises, or any part thereof, with anyone authorized to acquire the same by eminent domain or in condemnation.

Section 3.02. *Application of Condemnation Award.* In the event of any such taking, the award or other compensation shall be applied in accordance with Section 8.2 of the Agreement and the Indenture.

ARTICLE IV

ASSIGNMENT OF RENTS, ISSUES AND PROFITS AS FURTHER SECURITY

Section 4.01. *Assignment of Rents, Issues And Profits.* As further security for payment of the Indebtedness secured hereby, the Mortgagor hereby absolutely, presently and irrevocably transfers, assigns and sets over unto the Mortgagee all of the rents, income, receipts, revenues, issues and profits arising therefrom and from the Mortgaged Premises generally.

Section 4.02. *Mortgagor's Covenants Regarding Rents, Issues and Profits.* Without the prior consent and approval of the Mortgagee in each instance, the Mortgagor will not (i) assign, pledge, hypothecate or otherwise encumber any of the rents, income, issues and profits of the Mortgaged

Premises; or (ii) enter into any agreements affecting the Mortgaged Premises, or any part thereof, unless such agreements are expressly subordinate to the lien of this Mortgage and to any consolidation, extension, renewal, recasting or refinancing thereof.

Section 4.03. *Entry Upon Default.*

(a) If a Default shall have occurred and be continuing and the Mortgagee shall have entered upon the Mortgaged Premises as provided in Section 6.02(b) hereof, in addition to its rights and remedies set forth in such Section 6.02, the Mortgagee may, as attorney-in-fact of the Mortgagor, institute all legal proceedings (including summary proceedings) for collection of all charges; do any and all other acts which the Mortgagee, in its sole and absolute discretion, deems proper to protect the security hereof; and, with or without taking possession of the Mortgaged Premises, in the Mortgagor's own name, sue for or otherwise collect and receive all gross receipts and other charges, including those past due and unpaid, and apply the same, less the costs and expenses of operation and collection (including reasonable attorneys' fees), to the Indebtedness secured hereby in accordance with the provisions of the Agreement and the Indenture; provided, however, that any balance remaining after the Indebtedness secured hereby shall have been paid in full shall be turned over to the Mortgagor or such other Person as may lawfully be entitled thereto. Neither the entry upon and taking possession of the Mortgaged Premises, nor the collection and application of the gross receipts or other charges thereof as aforesaid, nor any other action taken by the Mortgagee in connection therewith, shall cure or waive any Default hereunder or waive or modify any notice thereof or notice of acceleration of the principal sum of the Bonds heretofore given by the Mortgagee.

(b) A notice in writing by the Mortgagee to the persons receiving services related to the Facilities advising them that the Mortgagor has defaulted hereunder and requesting that all future payments of charges under their agreement with the Mortgagor with respect to such charges be made to the Mortgagee (or its agent) shall be construed as conclusive authority to such persons that such payments are to be made to the Mortgagee (or its agent). Such persons shall be fully protected in making such payments to the Mortgagee (or its agent); and the Mortgagor hereby irrevocably constitutes and appoints the Mortgagee the attorney-in-fact and agent of the Mortgagor, coupled with an interest, for the purpose of endorsing the consent of the Mortgagor on any such notice.

(c) Notwithstanding anything to the contrary contained herein, if a Default has occurred and is continuing, payment of all or any part of insurance monies to Mortgagor may be withheld from Mortgagor and applied at Mortgagee's sole discretion in accordance with the terms of the Agreement and the Indenture. If such Default shall cease to exist, the Mortgagee shall permit such insurance proceeds to be applied in accordance with the provisions of the Agreement and the Indenture.

ARTICLE V

SECURITY AGREEMENT UNDER UNIFORM COMMERCIAL CODE

It is the intent of the parties hereto that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State (the "Code") with respect to so much of the Mortgaged Premises as are considered or as shall be determined to be personal property or "fixtures"

(as defined in the Code), together with all replacements thereof, substitutions therefor or additions thereto (said property being sometimes hereinafter referred to as the "Collateral"), and that a security interest shall attach thereto for the benefit of the Mortgagee to secure the Indebtedness secured by this Mortgage and all other sums and charges which may become due hereunder or thereunder. The Mortgagor hereby authorizes the Mortgagee to file financing and continuation statements with respect to the Collateral without the signature of the Mortgagor, if same is lawful, but the Mortgagee shall have no obligation to file continuation statements; otherwise the Mortgagor agrees to execute such financing and continuation statements as the Mortgagee may request. If there shall exist a Default under this Mortgage, the Mortgagee, pursuant to the appropriate provisions of the Code, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies in respect of the real property, in which event the default provisions of the Code shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the Collateral separately from the real property, unless a greater period shall then be mandated by the Code, five (5) days' notice of the sale of the Collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall be assessed against the Mortgagor and shall include, but not be limited to, attorneys' fees and other legal expenses incurred by the Mortgagee. The Mortgagor agrees that it will not remove or permit to be removed from the Facilities any of the Collateral without the prior written consent of the Mortgagee except as hereinabove provided. All replacements, renewals and additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and the provisions of this Article V. The Mortgagor warrants and represents that all Collateral now is, and that all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, will be free and clear of liens, encumbrances or security interests of others created after the date hereof other than Permitted Encumbrances.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. *Defaults Defined.* Any of the following events shall constitute a Default under this Mortgage:

(a) failure of the Mortgagor to pay when due any amounts due under the Agreement or the Indenture, or any other payment required hereunder or under any supplement, modification or extension hereof;

(b) if any of the Mortgagor's representations or warranties contained herein shall be untrue or incorrect in any material respect at the time made, or if any such warranty or representation intended to be a continuing one shall become untrue or incorrect in any way affecting the security for the Bonds, the Indenture, the Agreement or of this Mortgage and the Mortgagor shall fail to remedy such situation within thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Mortgagor by the Mortgagee, or its assignee, unless the Mortgagor institutes corrective action within the 30-day period and diligently pursues such action until the default is corrected;

(c) if the Mortgagor shall (i) apply for, or consent in writing to, the appointment of a receiver, trustee or liquidator of the Mortgagor or of the Mortgaged Premises or of the property of the Mortgagor or any part thereof; or (ii) file a voluntary petition in bankruptcy or be unable, or admit in writing to the inability generally, to pay debts as they become due; or (iii) make a

general assignment for the benefit of creditors; or (iv) file a petition or an answer seeking a reorganization or an arrangement or a readjustment of debt with creditors, or take advantage of any insolvency, bankruptcy, liquidation or dissolution law of the United States or of any state; or (v) file an answer admitting the material allegations of a petition filed against it in any such bankruptcy, reorganization or insolvency proceedings;

(d) if (i) any execution, warrant, attachment, garnishment or other similar processes shall be levied or filed against the Mortgaged Premises or any part thereof which involve claims aggregating more than \$5,000.00 and such processes shall not be stayed, vacated or discharged within ninety (90) days after the same shall have been levied or filed; or (ii) a petition is filed seeking an order, judgment or decree from any court of competent jurisdiction adjudicating the Mortgagor bankrupt or insolvent, or seeking reorganization of the Mortgagor or seeking to appoint a receiver, trustee or liquidator of the Mortgagor of the Mortgaged Premises or of all or substantially all of any other assets of the Mortgagor and such petition shall continue undismissed for a period of ninety (90) days after the date of the filing thereof; or

(e) if an "Event of Default" occurs under the Agreement or the Indenture or in any other instrument executed concurrently herewith or supplemental hereto pertaining to the debt evidenced by the Bonds or the security therefor, or under any supplement, modification or extension of any of the foregoing, on its part to be performed.

Section 6.02. *Remedies.* During the continuance of any Default, the Mortgagee, subject to the provisions of the Agreement and the Indenture, may:

(a) by notice to the Mortgagor, declare the entire Indebtedness to be immediately due and payable in accordance with Article VII of the Agreement, and upon such declaration the Indebtedness shall become and be immediately Due and Payable, anything in this Mortgage to the contrary notwithstanding;

(b) after such proceedings as may be required by any applicable law or ordinance, either in person, or by its agents or attorneys, or by a court-appointed receiver, enter into and upon all or any part of the Mortgaged Premises and each and every part thereof and exclude the Mortgagor, its agents and servants wholly therefrom; and having and holding the same, use, operate, manage and control the Mortgaged Premises and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or the receiver; and upon every such entry, the Mortgagee, subject to the provisions of the Agreement and the Indenture, at the expense of the Mortgagor, from time to time, either by purchase, repairs or construction, may maintain and restore the Mortgaged Premises and likewise may make all necessary or proper repairs, renewals and replacements and such alterations, betterments, additions and improvements thereto and thereon as to it may seem advisable; and in every such case the Mortgagee shall have the right to manage and operate the Mortgaged Premises and to carry on the business thereof and exercise all rights and powers of the Mortgagor as the Mortgagor's attorney-in-fact, or otherwise as it shall deem best; and the Mortgagee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the Mortgaged Premises and shall apply the moneys arising as aforesaid pursuant to the provisions of the Agreement and the Indenture; and

(c) with or without entry, personally or by its agents or attorneys insofar as applicable:

(i) foreclose this Mortgage in accordance with the laws of the State and the provisions of Section 6.03 hereof, for the entire Indebtedness secured hereby or for any portion of such Indebtedness or any other sums secured hereby which are then due and payable, subject to the continuing lien of this Mortgage for the balance of the Indebtedness not then due; or

(ii) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Indenture, the Agreement, the Bonds or in this Mortgage, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Mortgagee shall elect.

Section 6.03. *Foreclosure; No Marshalling of Assets; Appointment of Receiver.*

(a) If a Default shall have occurred, the Mortgagee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right, without notice and without regard to the adequacy or value of any security for the Indebtedness or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Mortgaged Premises and to collect and apply the incomes, rents, issues, profits and revenues thereof pursuant to the provisions of the Agreement and the Indenture. The receiver shall have all of the rights and powers permitted under the laws of the State. The Mortgagor will pay to the Mortgagee upon demand all expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to the provisions of this Section 6.03, and any such amounts paid by the Mortgagee shall be added to the Indebtedness and shall be secured by this Mortgage. The right to enter and take possession of the Mortgaged Premises, to manage and operate the same, to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrent therewith or independently thereof. The Mortgagee shall be liable to account only for such rents, issues and profits actually received by the Mortgagee. Any entering upon and taking and maintaining control of the Mortgaged Premises by the Mortgagee or the receiver and any application of rents as provided herein shall not cure or waive any Default hereunder or invalidate any other right or remedy of Mortgagee under applicable law or provided herein.

(b) If a Default shall have occurred, the Mortgagee, at its option, may either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Indebtedness or the performance of any term of this Mortgage or any other right, (ii) to foreclose and reforeclose this Mortgage and to sell, as an entirety or in separate units or parcels, the Mortgaged Premises, under the judgment or decree of a court or courts of competent jurisdiction, and (iii) to pursue any other remedy available to it, all as the Mortgagee may deem most effectual for such purposes. The Mortgagee shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as Mortgagee may determine.

(c) Upon any foreclosure sale or sales of all or any portion of the Mortgaged Premises pursuant to judicial proceedings, the Mortgagee may bid for and purchase the Mortgaged Premises and upon compliance with the terms of the sale, may hold, retain and possess and

dispose of the Mortgaged Premises in its own absolute right without further accountability. The Mortgagee shall be entitled to apply all or any part of the Indebtedness as a credit to the purchase price.

(d) Unless applicable law requires otherwise, in the event of a foreclosure or sale of all or any portion of the Mortgaged Premises hereunder, the proceeds of said sale shall be applied, in whatever order the Mortgagee in its sole discretion may decide, to the expenses of such sale and of all proceedings in connection therewith, including reasonable attorneys' fees, to insurance premiums, liens, assessments, taxes and charges including utility charges advanced by the Mortgagee, to payment of the outstanding principal balance of the Indebtedness, or to the accrued interest on all of the foregoing; and the remainder, if any, shall be paid to the Mortgagor, or to the person or entity lawfully entitled thereto.

(e) In addition to any other remedy available to the Mortgagee and not in limitation thereof, in the event of any such foreclosure sale or sales hereunder, the Mortgagor shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

(f) The Mortgagee shall have the right to determine the order in which any or all of the Mortgaged Premises shall be subjected to the remedies provided herein. Subject to the provisions of the Agreement and the Indenture, the Mortgagee shall have the right to determine the order in which any or all portions of the Indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. The Mortgagor, any party who consents to this Mortgage and any party who now or hereafter acquires a security interest in the Mortgaged Premises and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law provided herein. The Mortgagor agrees, to the full extent permitted by law, that in case of a Default on the part of the Mortgagor hereunder, neither the Mortgagor nor anyone claiming through or under the Mortgagor will set up, claim or seek to take advantage of any moratorium, reinstatement, forbearance, appraisal, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Premises, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and the Mortgagor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets subject to the lien and security interest of this Mortgage marshalled upon any foreclosure and agrees that the Mortgagee or any court having jurisdiction to foreclose such lien and security interest may sell the Mortgaged Premises as an entirety.

(g) If the Mortgagee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise and such proceeding shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then in every such case (i) the Mortgagor and the Mortgagee shall be restored to their former positions and rights, (ii) all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken, (iii) each and every Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing Default and (iv) neither this Mortgage nor the Indebtedness, nor any other instrument concerned therewith, shall be or shall be deemed to have been otherwise affected by

such withdrawal, discontinuance or abandonment; and Mortgagor hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

(h) Notwithstanding anything to the contrary contained in this Section 6.03 and this Mortgage, and unless applicable law requires otherwise, to the extent that the Mortgagee (as assigned to the Trustee) receives amounts pursuant to this Mortgage, the Trustee shall apply such amounts in accordance with the provisions of the Agreement and this Indenture.

Section 6.04. *Legal Expenses of Mortgagee.*

(a) The Mortgagor will pay to the Mortgagee, on demand, all reasonable costs, charges and expenses (including, without limitation, attorneys' fees) incurred or paid at any time by the Mortgagee because of the failure of the Mortgagor to perform, comply with or abide by any of the stipulations, agreements, conditions or covenants contained herein or in the Indenture, together with interest on each such payment made by the Mortgagee at the interest rate borne by the Bonds from the date each such payment is made.

(b) If any action or proceeding be commenced in which the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by the Mortgagee for the expense of any litigation to prosecute or defend the title, rights and lien created by this Mortgage (including, without limitation, reasonable attorneys' fees) shall be paid by the Mortgagor, together with interest thereon at the highest rate of interest borne by any Bond Outstanding from the date each such payment is made, and all such sums and the interest thereon shall be a lien on the Mortgaged Premises, prior to any right or interest in or claim upon the Mortgaged Premises attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, or to recover or collect the Indebtedness secured hereby, the provisions of law respecting the recovery of costs, disbursements and allowance, if inconsistent with the foregoing, shall prevail unaffected by this covenant.

Section 6.05. *Remedies Cumulative; No Waiver.*

(a) No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of the Mortgagee to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or any acquiescence therein; and every power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee. Nothing in this Mortgage or in the Agreement shall affect the obligation of the Mortgagor to pay the amounts payable pursuant to the Agreement in the manner and at the time and place therein respectively expressed.

(b) A waiver in one or more instances of any of the terms, covenants, conditions or provisions hereof or of the Agreement shall apply to the particular instance or instances and at the particular time or times only, and no such waiver shall be deemed a continuing waiver, but all of the terms, covenants, conditions and other provisions of this Mortgage, the Agreement and

the Indenture shall survive and continue to remain in full force and effect; and no waiver shall be effective unless in writing, dated and signed by the Mortgagee.

(c) The Mortgagor hereby waives and renounces all homestead and similar exemption rights with respect to the Mortgaged Premises provided for by the Constitution and laws of the United States and/or the State as against the collection of the Indebtedness secured by this Mortgage, or any part thereof; and the Mortgagor agrees that where, by the terms of this Mortgage or the Indebtedness secured hereby, a day is named or a time fixed for the payment of any sum of money or the performance of any agreement, the day and time stated enters into the consideration and is of the essence of the whole agreement between the Mortgagor and the Mortgagee.

Section 6.06. *No Merger.* It is the intention of the parties hereto that if the Mortgagee shall at any time hereafter acquire interest to all or any portion of the Mortgaged Premises, then, and until the Indebtedness secured hereby has been paid in full, the interest of the Mortgagee hereunder and the lien of this Mortgage shall not merge or become merged in or with the interest of the Mortgagee as the holder of all or any portion of the Mortgaged Premises and that, until such payment, the interest of the Mortgagee in the Mortgaged Premises and the lien of this Mortgage and the interest of the Mortgagee hereunder shall continue in full force and effect to the same extent as if the Mortgagee had not acquired all or any portion of the Mortgaged Premises. Furthermore, if the estate of the Mortgagor shall be a leasehold, unless the Mortgagee shall otherwise consent, the fee title of the Facilities, the Mortgaged Premises, the lease and the Agreement shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in the sublessor, ground lessor or in the fee owner, or in a third party, by purchase or otherwise. If, however, the Mortgagee shall be requested to and/or shall consent to such merger or such merger shall nevertheless occur without its consent, then this Mortgage shall attach to and cover and be a lien upon the fee title or any other estate, title or interest in the Facilities demised under the ground lease or the sublease acquired by the fee owner and the same shall be considered as granted, released, assigned, transferred, pledged, enfeoffed, and set over to the Mortgagee and the lien hereof spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, enfeoffed, set over and spread.

ARTICLE VII

PROVISIONS OF GENERAL APPLICATION

Section 7.01. *Modifications.* No change, amendment, modification, cancellation or discharge hereof, or any part hereof, shall be valid unless in writing, dated and signed by the Mortgagee, the Trustee and the Mortgagor and be as permitted by the Indenture.

Section 7.02. *Notices.* All notices, demands, requests, consents, approvals or other communications (hereinafter collectively called "Notices") given or required to be given by any party hereto to any other party shall be in writing and shall be sent by registered or certified mail, postage prepaid, return receipt requested, addressed to such party at its address set forth below or such other address or addresses as such party may theretofore have specified by like Notice. Notices given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder on the second business day (excluding Saturdays, Sundays and legal holidays) after the date so mailed:

(a) Mortgagee

Nassau County, Florida
Board of County Commissioners
P.O. Box 456
416 Center Street
Fernandina Beach, Florida 32034

Attention: Chairman

(b) Mortgagor

GF/Amelia Island Properties, Inc.
Suite 611
Eleven Piedmont Center
3495 Piedmont Road, N.E.
Atlanta, GA 30309

Attention: President

Section 7.03. *Mortgagee's Rights To Perform Mortgagor's Covenants.* If the Mortgagor shall fail to pay or cause payment to be made to the Mortgagee in accordance with the terms of the Agreement and this Mortgage, or to perform or observe any other term, covenant, condition or obligation required to be performed or observed by the Mortgagor under this Mortgage or the Agreement, without limiting any other provision of this Mortgage, and without waiving or releasing the Mortgagor from any obligation or default hereunder, upon five (5) days' prior notice to the Mortgagor (or without notice in case of emergency), the Mortgagee (or any receiver of the Mortgaged Premises) shall have the right, but not the obligation, to make any such payment, or to perform any other act or take any appropriate action, including, without limitation, entry on the Mortgaged Premises and performance of work there at, as it, in its sole discretion, may deem necessary to cause such other term, covenant, condition or obligation to be promptly performed or observed on behalf of the Mortgagor or to protect the security of this Mortgage. All monies expended by the Mortgagee in exercising its rights under this Section 7.03 (including, but not limited to, legal expenses and disbursements), together with interest thereon at the highest rate of interest borne by any Bond from the date of each such expenditure, shall be paid by the Mortgagor to the Mortgagee forthwith upon demand by the Mortgagee and shall be secured by this Mortgage.

Section 7.04. *Reliance.* In performing its duties and obligations hereunder, the Mortgagee may rely upon statements and certificates of the Mortgagor believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Mortgagor pertaining to the Facilities. In addition, the Mortgagee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Mortgagee hereunder in good faith and in conformity with the opinion of such counsel.

Section 7.05. *Additional Sums Payable by the Mortgagor.* All sums which, by the terms of this Mortgage or the Agreement are secured hereby, or by the instruments executed and delivered by the Mortgagor to the Mortgagee as additional security for this Mortgage, the Bonds, the Indenture and the Agreement, are payable by the Mortgagor to the Mortgagee shall, together with the interest thereon provided for herein or in the Agreement or such other instruments, be secured by this Mortgage and

added to and deemed part of the Indebtedness secured hereby whether or not the provision which obligates the Mortgagor to make any such payment to the Mortgagee specifically so states.

Section 7.06. *Captions.* The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of this Mortgage or the construction of any provision hereof.

Section 7.07. *Successors and Assigns.* The covenants and agreements contained in this Mortgage shall run with the land and bind the Mortgagor, the heirs, executors, administrators, principals, legal representatives, successors and assigns of the Mortgagor and each person constituting the Mortgagor and all subsequent owners, encumbrancers and tenants of the Mortgaged Premises, or any part thereof, and shall inure to the benefit of the Mortgagee, its successors and assigns, and all subsequent beneficial owners of this Mortgage. Pursuant to the Indenture and the Agreement, the Mortgagee has assigned all of its rights, privileges of ownership and title to the Trustee.

Except for the obligations to the Mortgagee under Section 2.15 hereunder, the obligations of the Mortgagor hereunder are not general obligations but are special, limited obligations of the Mortgagor, payable solely from the Facilities and the Revenues.

Section 7.08. *Gender and Number.* Wherever the context of this Mortgage so requires, the neuter gender includes the masculine and/or feminine gender and the singular number includes the plural.

Section 7.09. *Severability.* In case any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been included.

Section 7.10. *Subrogation.* Should the proceeds of the Bonds be used directly or indirectly to pay off, discharge, or satisfy, in whole or in part, any prior lien or encumbrance upon the Mortgaged Premises or any part thereof, then the Mortgagee shall be subrogated to such other lien or encumbrance and to any additional security held by the holder thereof and shall have the benefit of the priority of all of same.

Section 7.11. *Controlling Law.* This Mortgage shall be governed by, and construed and enforced in accordance with, the laws of the State.

Section 7.12. *Entire Agreement.* This Mortgage, including the Exhibits appended hereto, embody the entire agreement and understanding between the parties relating to the subject matter hereof.

Section 7.13. *Attorney's Fees.* Any reference herein to the term "attorney's fees" or "legal fees" or words of like import shall include, but not be limited to, the fees of legal assistants and paralegals and fees incurred in any legal proceeding, including any trial or appellate level proceeding and any sales tax thereon.

Section 7.14. *Construction of Mortgage.* This Mortgage is and may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the assignment and security interest hereby and the purposes and agreements herein set forth.

[Signatures Begin on the Following Page]

IN WITNESS WHEREOF, the Mortgagor has duly executed this Mortgage as of the day and year first above written.

[SEAL]

GF/AMELIA ISLAND PROPERTIES, INC.

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

STATE OF)
) ss.
COUNTY OF)

I, the undersigned, a Notary Public in and for said state and county hereby certify that
and , who are named as and of GF/Amelia Island
Properties, Inc., respectively, and who are known to me, have signed the foregoing Mortgage and have
acknowledged before me on this day that, being informed of the contents of the Mortgage, they, as such
and and with full authority, executed the same voluntarily for and as the act of
GF/Amelia Island Properties, Inc. on the day the same bears date. Given under my hand and notarial
seal on this the __th day of September, 1992.

Notary Public

My Commission Expires:

EXHIBIT A

DESCRIPTION OF FACILITIES

EXHIBIT B

DESCRIPTION OF PERSONAL PROPERTY

ASSIGNMENT OF MORTGAGE AND SECURITY AGREEMENT

THIS ASSIGNMENT OF MORTGAGE AND SECURITY is made as of the 1st day of September, 1992 by Nassau County, Florida, a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Florida (the "Assignor"), in favor of NationsBank of Florida, National Association, a national banking association organized and existing under the laws of the United States (the "Assignee");

W I T N E S S E T H :

WHEREAS, Assignor is issuing its \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, its \$360,000 Taxable ICF/MR Subordinated Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and its \$210,000 ICF/MR Subordinated Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (collectively, the "Bonds"), pursuant to an Indenture of Trust dated as of September 1, 1992 (the "Indenture") between Assignor and Assignee; and

WHEREAS, Assignor has entered into a Loan Agreement dated as of September 1, 1992 (the "Agreement") with GF/Amelia Island Properties, Inc. a not-for-profit corporation validly organized and existing under the laws of the State of Florida (the "Borrower"), under which the Borrower has agreed to issue its Bonds and to lend the proceeds thereof to the Borrower for the purpose of financing the cost of (i) the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"); the Borrower has agreed to pay all Revenues (as defined in the Indenture) to Assignor, and the payments of the Borrower to Assignor have been assigned to the Assignee to secure the payment of the principal of, premium, if any, and interest on the Bonds;

WHEREAS, in order to secure the payment of all amounts due under the Agreement and the Bonds, including premium, if any, thereon, together with the interest thereon, at the rates and the times and in the manner specified in the Indenture, and any other sums payable under the Indenture, the Agreement and that certain Mortgage and Security Agreement dated as of September 1, 1992 executed by the Borrower in favor of Assignor (the "Mortgage"), and to secure the performance and observance of all the provisions hereof and of the Agreement, including, without limitation, the payment to Assignor of the Mortgage Amount (as defined in the Mortgage) and any other sums owed by the Borrower pursuant to the Agreement or advanced by Assignor to protect or preserve the Mortgaged Premises (as defined in the Mortgage) to the

extent the aggregate of such sums and any other sums expended pursuant to the Indenture, the Agreement or exceed the Mortgage Amount, the Borrower executed and delivered the Mortgage;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein, the sum of Ten and No/100 (\$10.00), paid in hand by each party to the other, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, Assignor does hereby grant, transfer and assign unto Assignee the full right, title and interest in, under and to the Mortgage, without representation, warranty or recourse, except that Assignor hereby represents and warrants to Assignee that Assignor is the sole holder of all right, title and interest (as payee, assignee, grantee, lender and otherwise), to and under the Mortgage.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns, forever.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed under seal, as of the day and year first above written.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment as of the day and year first above written.

Assignor
Nassau County, Florida

[SEAL]

Attest:

By _____
Name _____
Title _____

Name _____
Title _____

STATE OF)
) ss.
COUNTY OF)

I, the undersigned, a Notary Public in and for said state and county hereby certify that
and , who are named as and of Nassau
County, Florida, respectively, and who are known to me, have signed the foregoing Assignment
and have acknowledged before me on this day that, being informed of the contents of the
Assignment, they, as such and and with full authority, executed the
same voluntarily for and as the act of Nassau County, Florida, on the day the same bears date.
Given under my hand and notarial seal on this the __th day of September, 1992.

Notary Public

My Commission Expires:

Assignee
NationsBank of Florida,
National Association

[SEAL]

By _____
Name _____
Title _____

Attest:

Name _____
Title _____

STATE OF)
) ss.
COUNTY OF)

I, the undersigned, a Notary Public in and for said state and county hereby certify that _____ and _____, who are named as _____ and _____ of NationsBank of Florida, National Association, respectively, and who are known to me, have signed the foregoing Assignment and have acknowledged before me on this day that, being informed of the contents of the Assignment, they, as such _____ and _____ and with full authority, executed the same voluntarily for and as the act of NationsBank of Florida, National Association on the day the same bears date. Given under my hand and notarial seal on this the __th day of September, 1992.

Notary Public

My Commission Expires:

BOND PLACEMENT AGREEMENT

September , 1992

Nassau County, Florida
Board of County Commissioners
P.O. Box 456
416 Center Street
Fernandina Beach, Florida 32034

\$5,150,000
Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$360,000
NASSAU COUNTY, FLORIDA
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

\$210,000
NASSAU COUNTY, FLORIDA
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

Ladies and Gentlemen:

This letter is written to confirm the agreement between the *BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA* (the "Issuer") and *PHN CAPITAL FUNDING INC.* and *GARDNYR MICHAEL CAPITAL, INC.* (collectively, the "Placement Agents") concerning the sale by the Issuer and the purchase by the Placement Agents of the Issuer's \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A (the "Series 1992A Bonds") dated on or about September , 1992, the Issuer's \$360,000 Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B (the "Series 1992B Bonds") dated on or about September , 1992, and the Issuer's \$210,000 ICF/MR Subordinate Revenue Bonds (GF/Amelia Island

Properties, Inc. Project) Series 1992C (the "Series 1992C Bonds") dated on or about September , 1992 (collectively, the "Bonds") in the above noted aggregate principal amounts, bearing interest payable semiannually on each March 1 and September 1, commencing March 1, 1993 (the "Interest Payment Dates"), at the rates and maturing on the dates, subject to mandatory sinking fund redemption, as set forth in Exhibit A attached hereto. This offer is made subject to acceptance by the Issuer prior to 5:00 p.m., Eastern Standard Time, on the date hereof. If this offer is not so accepted, it is subject to withdrawal by the Placement Agents upon notice to the Issuer at any time prior to acceptance. GF/Amelia Island Properties, Inc., a not-for-profit corporation duly authorized and validly existing in the State of Florida (the "Company"), is executing this Bond Placement Agreement to evidence its representations and covenants contained herein.

1. *Purpose of Financing, Security and Authorization.* The purpose of the issuance of the Bonds is to provide all or a portion of the funds to (i) finance the cost of the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) finance the cost of the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities"). Proceeds from the Bonds will also be used to fund a debt service reserve fund and to pay a portion of the financing costs of the Bonds.

The Bonds will be issued under and secured by an Indenture of Trust dated as of September 1, 1992 (the "Indenture") between the Issuer and NationsBank of Georgia, National Association, as trustee (the "Trustee"). In order to effect the financing, (a) the Issuer and the Company will enter into a Loan Agreement dated as of September 1, 1992 (the "Agreement"), providing for a loan of the proceeds from the issuance of the Bonds to the Company; (b) the Company will grant a mortgage and security interest in the Facilities to the Issuer pursuant to a Mortgage and Security Agreement dated as of September 1, 1992 (the "Mortgage"); and (c) the Issuer will assign its rights and interests under the Mortgage (except certain payments under Sections 2.11 and 2.15 thereof) to the Trustee pursuant to an Assignment of Mortgage and Security Agreement dated as of September 1, 1992 (the "Assignment"), as security for the payment obligations evidenced by the Bonds. The Company is required under this Bond Placement Agreement to make all payments of all Revenues, as defined in the Indenture, to the Trustee, which are expected to be sufficient to pay when due the principal of, premium, if any, and interest on the Bonds, and certain related expenses. Pursuant to the Indenture, the Issuer will assign to the Trustee as security for the Bonds (i) all right, title and interest of the Issuer in, to and under the Agreement and (ii) all revenues and all moneys and securities from time to time held by the Trustee under the Indenture and constituting "Trust Moneys," as defined therein (collectively, the "Trust Estate").

The Bonds, the Indenture, the Agreement, the Mortgage, the Assignment, the Limited Offering Statement of the Issuer dated the date hereof (together with any amendments or supplements thereto, the "Limited Offering Statement") and the Management Agreement effective as of December 20, 1991 (the "Management Agreement") between Eidetik, Inc., a Kentucky corporation (the "Manager"), and the Company (collectively, the "Basic Documents") will be in the forms previously supplied to us, with such subsequent amendments as shall be approved by you and us.

2. *Representations and Warranties of Issuer.* The Issuer makes the following representations and warranties, all of which shall survive the delivery of the Bonds:

(a) The Issuer (i) is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State of Florida and (ii) is authorized by the Florida Industrial Development Financing Act, being Section 159.25 *et seq.* Florida Statutes, as amended (the "Act") and has full power and authority to finance all or a portion of the cost of

constructing, acquiring, equipping and furnishing the Facilities by issuing and selling the Bonds as provided in this Bond Placement Agreement and in the Indenture. The Issuer has taken or will take all action required by the Act and other applicable law in connection therewith.

(b) The Issuer (i) has duly authorized and approved the execution and delivery of this Bond Placement Agreement, the Assignment, the Limited Offering Statement, the Bonds, the Indenture and the Agreement (collectively, the "Issuer Documents"), (ii) has duly authorized the assignment of the Issuer's rights under the Agreement and the issuance, sale and delivery of the Bonds and (iii) has taken or will take all action necessary or appropriate to carry out the issuance, sale and delivery of the Bonds to the investors selected by the Placement Agents.

(c) The execution and delivery of the Issuer Documents, the assignment of the Issuer's rights under the Agreement and the performance by the Issuer of its obligations hereunder and thereunder are within the corporate powers of the Issuer and will not conflict with or constitute a breach or result in a violation of (i) the Act, (ii) any constitutional or statutory provision, (iii) any agreement or other instrument to which the Issuer is a party or by which it is bound or (iv) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Issuer or its property.

(d) All consents, approvals, authorizations or orders of any governmental or regulatory authority required to be obtained by the Issuer as a condition precedent to the issuance, delivery or sale of the Bonds or the execution and delivery of the Issuer Documents, the performance by the Issuer of its obligations thereunder, or the assignment of the Issuer's rights under the Agreement have been or will be obtained; provided no representation or warranty is expressed as to any action required under federal or state securities or Blue Sky laws in connection with the sale of the Bonds by the Placement Agents.

(e) To the best knowledge of the Issuer, there is no litigation at law or in equity or any proceeding before any governmental agency pending or, to the knowledge of the Issuer, threatened, to restrain or enjoin the issuance or delivery of the Bonds or any other bonds of the Issuer, or the execution, delivery or performance by the Issuer of any of the Issuer Documents, or the assignment by the Issuer of its rights under the Agreement.

(f) When authenticated by the Trustee and delivered to and paid for by the purchasers in accordance with the terms of the Indenture and this Bond Placement Agreement, the Bonds (i) will have been duly authorized, executed and issued, (ii) will constitute legal, valid and binding limited obligations of the Issuer, payable solely from the amounts pledged thereto under the Indenture, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and usual equity principles and (iii) will be secured by the Indenture.

(g) The Issuer is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred, and to the best of its knowledge, no event has occurred or is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such agreement.

(h) The Issuer has not created or suffered to be created or agreed to create or suffer to be created any lien, encumbrance or charge upon the moneys and assets to be pledged under the

Indenture except the pledge, lien and charge for the security of the Bonds and other parity obligations issued under the Indenture.

3. *Representations and Warranties of Company.* The Company makes the following representations and warranties, all of which shall survive the delivery of the Bonds:

(a) The Company is a not-for-profit corporation validly organized in [***TO BE PROVIDED BY COMPANY'S COUNSEL***] under the laws of the State of Florida and is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

(b) The Company has duly authorized and approved the execution and delivery of the Agreement, the Mortgage, the Management Agreement and this Bond Placement Agreement (collectively, the "Company Documents") and has taken or will take all action necessary to carry out its responsibilities thereunder.

(c) The execution and delivery by the Company of the Company Documents and the performance by the Company of its obligations hereunder and under the other Company Documents (including the operation and management of the Facilities) are within the corporate powers of the Company and will not conflict with or constitute a breach or result in a violation of (i) the Act or the Company's articles of incorporation or bylaws, (ii) any constitutional or statutory provision, (iii) any agreement or other instrument to which the Company is a party or by which it is bound or (iv) any applicable order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Company or its property.

(d) The execution by the Company of this Bond Placement Agreement and compliance by the Company with the covenants and other provisions contained herein does not and will not constitute on the part of the Company a breach of or default under any indenture, deed of trust, mortgage, agreement or other instrument to which the Company is subject or by which it is bound.

(e) No additional consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the Company as a condition precedent to the execution and delivery of the Company Documents and the performance by the Company of its obligations hereunder and under the other Company Documents (including the operation and management of the Facilities).

(f) There is no litigation at law or in equity or any proceeding before any governmental agency pending or, to the knowledge of the Company, threatened, to restrain or enjoin the execution and delivery or performance by the Company of the Company Documents (including the operation and management of the Facilities).

(g) The Company is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred, and to the best of the Company's knowledge, no event has occurred or is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such agreement.

(h) The Company has not created or suffered to be created or agreed to create or suffer to be created any lien, encumbrance or charge upon the moneys and assets securing its obligation under the Agreement except the lien created therein, in the Mortgage or in any deeds of trust and security agreements made by the Company in connection with any parity obligations issued under the Indenture.

4. *Issuance and Sale of Bonds.* On the basis of the representations and warranties contained herein and in the other Basic Documents referred to herein and subject to the terms and conditions set forth herein, the Issuer agrees to issue and sell, and the Placement Agents agree to sell for the Issuer, the Bonds at a price of [*** **] of the aggregate face amount of all the Bonds, plus accrued interest, if any, through the Closing Date (as defined herein). The Placement Agents will be paid a fee of \$[*** **] from the proceeds of the Bonds. The delivery and sale of the Bonds (the "Closing") will be at the offices of [***LOCATION OF CLOSING***] or such other place as the Placement Agents may designate, upon payment therefor by a check in the amount of \$[*** **], or wire transfer of federal funds, payable to the order of the Trustee for the account of the Issuer, at 10:00 a.m., Eastern Standard Time, on September , 1992, or at such other time or on such other date as the Issuer and the Placement Agents may agree upon in writing (the "Closing Date"). The Bonds shall be delivered in typed or printed form, in registered form, duly executed and authenticated, with CUSIP identification numbers printed thereon (if in printed form), registered in such form and in such manner, if any, as the Placement Agents shall have requested in writing at least two business days prior to the Closing Date.

5. *Limited Offering Statement; Sale by Placement Agent; Indemnification.*

(a) Concurrently with the acceptance hereof, the Issuer shall deliver to the Placement Agents ten copies of the Limited Offering Statement executed on behalf of the Issuer, and marked to include such changes as shall have been accepted by the Placement Agents and are necessary or desirable to reflect the terms of this Bond Placement Agreement and to complete the document as a Limited Offering Statement in final form.

(b) The Issuer represents and warrants that the information contained in the Limited Offering Statement solely with respect to the Issuer is true and correct, does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Issuer authorizes and consents to the use by the Placement Agents of the Limited Offering Statement in the offering and sale of the Bonds. The Issuer has not authorized and is not responsible for any other offering materials which have been prepared in connection with the offering of the Bonds, and has not participated in the preparation of the Limited Offering Statement except with respect to the provision of information regarding the Issuer.

(c) The Company represents and warrants that the information contained in the Limited Offering Statement, including the financial statements and other information contained in the appendices thereto, is true and correct, does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Placement Agents represent and warrant that they will offer the Bonds only pursuant to the Limited Offering Statement and only in states where the offer and sale of the Bonds are legal, either as exempt securities, as exempt transactions or as a result of due registration of the Bonds for sale in any such state. The Placement Agents agree to sell the Bonds at the initial offering price or yield set forth in the Limited Offering Statement, but the

Placement Agents reserve the right to change such price or yield as it may deem necessary or desirable in connection with the offering and sale of the Bonds. The Placement Agents covenant that they will offer the Bonds only to sophisticated investors who are offered the opportunity to seek information in addition to the limited disclosure made in the Limited Offering Statement directly from the Company and others and to sell the Bonds only to offerees who sign an investment letter in the form attached as Exhibit C to the Limited Offering Statement. The Placement Agents further represent and warrant that they have executed and delivered to the Issuer a disclosure statement in substantially the form attached as Exhibit B hereto pursuant to the provisions of Section 218.285(4), Florida Statutes, as amended.

(e) The representations and warranties set forth in this Bond Placement Agreement shall survive the Closing and shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Placement Agents and (ii) payment for the Bonds.

(f) The Company covenants that, if the Limited Offering Statement is supplemented or amended solely with respect to the information described in Section 5(c) hereof pursuant to Section 5(g) hereof, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the Closing Date, the Limited Offering Statement as so supplemented or amended solely with respect to the information described in Section 5(c) hereof will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) If between the date of this Bond Placement Agreement and the Closing Date any event shall occur that might or would cause the Limited Offering Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer and the Company shall promptly notify the Placement Agents, and if in the reasonable opinion of the Placement Agents, such event requires the preparation and publication of a supplement or amendment to the Limited Offering Statement, the Issuer and the Company shall, at the Company's expense, supplement or amend the Limited Offering Statement in a form and in a manner approved by the Placement Agents.

(h) The Company agrees to indemnify and to hold harmless the Issuer and the Placement Agents and each of their respective officers and directors, and each person, if any, who controls the Issuer or the Placement Agents within the meaning of Section 15 of the Securities Act of 1933, as amended, from any and all losses, claims, damages and liabilities (including reasonable legal and other expenses of defending any actions) that they or any of them may incur or have asserted against any of them under any statute or at law or in equity or otherwise, as a result of any breach (or alleged breach) by the Company of any of, or inaccuracy of any of, its representations, warranties and covenants set forth in this Bond Placement Agreement and shall reimburse any such indemnified party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions.

(i) If any litigation is commenced or threatened against any of the parties entitled to indemnification under Section 5(h) above, such indemnified party shall promptly notify the indemnifying party thereof in writing, but failure to notify any indemnifying party shall not relieve it from any liability that it may have whether on account of this indemnity or otherwise so long as the indemnifying party is given reasonable opportunity to defend such litigation. The indemnifying party may, and if requested by the indemnified party, shall promptly assume the

investigation, preparation and defense of all such litigation or action, including the employment of counsel acceptable to the indemnified party, the payment of fees and expenses and the right to negotiate and consent to settlement. Any indemnified party shall have the right to make its own investigation or employ separate counsel, but the fees and expenses of such investigation or counsel shall be at the expense of such indemnified party unless such investigation or the employment of such counsel has been specifically authorized by the indemnifying party.

6. *Conditions.* The Placement Agents' obligations hereunder are subject to:

(a) The accuracy on the Closing Date, as if made as of such date, of all representations and warranties of the Issuer and the Company contained herein;

(b) Performance by the Issuer and the Company of their respective obligations hereunder;

(c) There being no material adverse change in the condition (financial or otherwise) of the Company or the Facilities between the most recent dates as to which information is given in the Limited Offering Statement and the Closing Date other than as reflected in or contemplated by the Limited Offering Statement, and there being on the Closing Date no material transactions or obligations (not in the ordinary course of business) entered into by the Issuer or the Company subsequent to the date of the Limited Offering Statement, other than as reflected in or contemplated by the Limited Offering Statement; and

(d) Delivery of all documentation required by Section 7 hereof.

7. *Closing Documentation.* There shall be delivered to the Placement Agents at the Closing, all dated as of the Closing Date, except where otherwise indicated, and in form and substance reasonably satisfactory to the Placement Agents, true and correct copies of the following:

(a) The Limited Offering Statement for the Bonds, dated September 1, 1992, executed on behalf of the Issuer by the duly authorized officials thereof;

(b) An original executed, and recorded where appropriate, copy of the Indenture, the Agreement, the Mortgage, the Assignment and the Management Agreement;

(c) A specimen Series 1992A Bond, Series 1992B and Series 1992C Bond;

(d) Certificates executed by appropriate officers of the Issuer and the Company, confirming the matters as to the Issuer and the Company referred to in subsections (a) and (b) of Section 6 hereof;

(e) A certificate of the appropriate officer of the Manager in substantially the form attached as Exhibit C hereto;

(f) An opinion of Michael S. Mullin, Esq., Fernandina Beach, Florida, Counsel to the Issuer, in form and substance satisfactory to the Placement Agents;

(g) An opinion of Nelson, Mullins, Riley & Scarborough, Atlanta, Georgia, Counsel to the Company, in form and substance satisfactory to the Placement Agents;

(h) An opinion of Holbrook, Wyble, Sullivan and Mountjoy, P.S.C., Owensboro, Kentucky, Counsel to the Manager, in form and substance satisfactory to the Placement Agents;

(i) An opinion of Kutak Rock, Atlanta, Georgia, Bond Counsel, in form and substance satisfactory to the Placement Agents;

(j) An opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Issuer's Counsel, in form and substance satisfactory to the Placement Agents;

(k) An opinion of Kutak Rock, Atlanta, Georgia, Counsel to the Placement Agents, in form and substance satisfactory to the Placement Agents;

(l) An opinion of Powell, Goldstein, Frazer & Murphy, Counsel to the Trustee, in form and substance satisfactory to the Placement Agents;

(m) An opinion of Parker, Poe, Adams & Bernstein, Special Reimbursement Counsel, in form and substance satisfactory to the Placement Agents;

(n) Various title opinions, policies or certificates as may be required by the Placement Agents to evidence discharge of the currently existing liens on the property on which the Facilities are located or are to be located and proper recordation of the first priority of the Mortgage on the Company's fee simple title interest in the property on which the Facilities are located;

(o) An executed investment letter from each original purchaser of the Bonds;

(p) Originals or, where appropriate, specimens of the documents, opinions and other items required by Section 2.07 of the Indenture for authentication and delivery of the Bonds; and

(q) Such additional legal opinions, certificates, proceedings, instruments and other documents as either the Placement Agents, Bond Counsel or Special Issuer's Counsel may reasonably request to evidence compliance by the Issuer and the Company with legal requirements, the truth and accuracy as of the Closing Date of the representations of the Issuer and the Company herein and in the Limited Offering Statement and the due performance or satisfaction by the Issuer and the Company, at or prior to such Closing Date, of all agreements then to be performed or satisfied by the Issuer or the Company, respectively.

There shall also be delivered to the Issuer a certificate of the Placement Agents evidencing its compliance with Section 5(d) hereof.

8. *Termination.* The Placement Agents may terminate this Bond Placement Agreement with respect to the Bonds at any time prior to the Closing Date by notice to the Issuer and the Company if, prior to the Closing Date:

(a) any legislation, ordinance, rule or regulation shall have been enacted or proposed by any governmental body, department or agency of the State of Florida, or any decision by any court of competent jurisdiction within the State of Florida shall have been rendered that in the reasonable opinion of the Placement Agents materially adversely affects the market price of the Bonds;

(b) any legislation shall have been enacted or be proposed, any decision by a court of the United States shall have been rendered or any stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency shall have been made to the effect that obligations of the general character of the Bonds or the Indenture are not exempt from registration, qualification or other requirements of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, as amended, or the Investment Company Act of 1940, as amended;

(c) any event shall have occurred or condition shall exist that, in the reasonable opinion of the Placement Agents makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Limited Offering Statement or that is not reflected in the Limited Offering Statement but should be reflected therein as of such time in connection with the offering of the Bonds in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect as of such time;

(d) in the reasonable opinion of the Placement Agents, the market price of the Bonds or the market price generally of obligations of the general character of the Bonds has been adversely affected because (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (ii) the New York Stock Exchange, any other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Placement Agents, (iii) a general banking moratorium shall have been established by federal, New York or Florida authorities, or any devaluation of the dollar shall have been proposed or effected by any governmental authority of the United States, (iv) any other action by governmental or quasi-governmental entities shall have occurred or (v) war or an outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Placement Agents to have a materially adverse effect on the ability of the Placement Agents to market the Bonds;

(e) legislation shall have been introduced in or enacted by the Florida legislature or a decision by any court of Florida shall have been rendered, or a ruling, regulation or official statement by or on behalf of the Department of Revenue of Florida or any other governmental agency shall have been made or proposed, with respect to Florida taxation upon revenues or other income of the general character derived by the Issuer or upon interest received on obligations of the general character of the Bonds or other action or events shall have transpired that in the reasonable opinion of the Placement Agents materially affects the market price of the Bonds or the market price generally of obligations of the general character of the Bonds; or

(f) in the reasonable opinion of the Placement Agents, it becomes apparent that any or all of the conditions set forth in Section 7 hereof cannot be fulfilled before or on the Closing Date.

9. *Expenses.* The Company shall cause to be paid certain items of expense related to the authorization, sale and issuance of the Bonds, including, but not limited to, printing and publication costs, costs of preparation and reproduction of documents, filing fees, computation fees, initial fees and charges of the Trustee, Counsel fees and charges including, but not limited to, those of Bond Counsel, Counsel to the Issuer, Special Counsel to the Issuer, Counsel to the Company, Counsel to the Manager, Special

Reimbursement Counsel, Counsel to the Placement Agents, Counsel to the Trustee, fees and disbursements of consultants and professionals, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, including CUSIP numbers, other costs incurred by the Issuer or the Company related to and in anticipation of the issuance of the Bonds, including the costs of federal or other immediately available funds, and any other cost, charge or fee in connection with the issuance of the Bonds.

10. *Finders.* The Issuer and the Company represent and warrant that no finder or other agent has been employed or consulted by either of them in connection with this transaction.

11. *Notices.* All communications hereunder shall be in writing and shall be deemed delivered, if delivered in person, telegraphed or sent by certified mail, return receipt requested, to the respective parties as follows: if to the Placement Agents, (i) to PHN Capital Funding Inc., One Buckhead Plaza, Suite 1880, 3060 Peachtree Road, N.W., Atlanta, Georgia 30305, Attention: President, and (ii) to Gardnyr Michael Capital, Inc., Suite 104, 2281 Lee Road, Winter Park, Florida 32789, Attention: Executive Vice President; if to the Issuer, to Board of County Commissioners of Nassau County, Florida, Post Office Box 456, 416 Center Street, Fernandina Beach, Florida 32034, Attention: Clerk of Court; and if to the Company, to GF/Amelia Island Properties, Inc., Suite 611, Eleven Piedmont Center, 3495 Piedmont Road, N.E., Atlanta, Georgia 30305, Attention: President. Any telegraphed notice shall be promptly confirmed by letter in the manner provided by this Section 11.

12. *Miscellaneous.* This Bond Placement Agreement is made solely for the benefit of and is binding on each of the parties hereto and their respective successors and assigns. It is the entire agreement of the parties hereto, superseding all prior agreements, and may not be modified except in writing signed by all of the parties hereto. This Bond Placement Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Very truly yours,

PHN CAPITAL FUNDING INC., on behalf of
itself and Gardnyr Michael Capital, Inc.

By _____
Patricia H. Newman
President

[Counterpart Signature Page to the Bond Placement Agreement]

Accepted:

NASSAU COUNTY, FLORIDA

By _____
Thomas D. Brannan, Jr., Chairman
Board of County Commissioners
of Nassau County, Florida

[Signatures Continued on the Following Page]

[Counterpart Signature Page to the Bond Placement Agreement]

Accepted:

GF/AMELIA ISLAND PROPERTIES, INC.

By _____
Name _____
Title _____

EXHIBIT A

TERMS OF THE BONDS

Series 1992A Bonds

Principal Amount: \$5,150,000
Maturity Date: September 1, 2022
Interest Rate 9.75%

The Series 1992A Bonds are subject to mandatory redemption prior to maturity in part, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows: (the 2022 amount to be paid at maturity):

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1993	\$20,000	2008	\$150,000
1994	20,000	2009	160,000
1995	20,000	2010	180,000
1996	20,000	2011	195,000
1997	25,000	2012	215,000
1998	30,000	2013	235,000
1999	30,000	2014	260,000
2000	35,000	2015	285,000
2001	35,000	2016	310,000
2002	40,000	2017	345,000
2003	40,000	2018	375,000
2004	50,000	2019	410,000
2005	50,000	2020	455,000
2006	60,000	2021	495,000
2007	60,000	2022*	545,000

*Maturity

Series 1992B Bonds

Principal Amount: \$360,000
Maturity Date: September 1, 2004
Interest Rate 11.0%

The Series 1992B Bonds are subject to mandatory redemption prior to maturity in part, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows (the 2004 amount to be paid at maturity):

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1993	\$15,000	1999	\$35,000
1994	15,000	2000	35,000
1995	20,000	2001	40,000
1996	25,000	2002	40,000
1997	25,000	2003	50,000
1998	25,000	2004*	35,000

*Maturity

Series 1992C Bonds

Principal Amount: \$210,000
Maturity Date: September 1, 2007
Interest Rate: 10.00%

The Series 1992C Bonds are subject to mandatory redemption prior to maturity in part, at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in amounts and on the dates as follows (the 2007 amount to be paid at maturity):

<u>Year</u>	<u>Principal Amount</u>
2004	15,000
2005	60,000
2006	60,000
2007*	75,000

*Maturity

EXHIBIT B

PLACEMENT AGENTS' DISCLOSURE STATEMENT

September , 1992

Nassau County, Florida
Board of County Commissioners
Post Office Box 456
416 Center Street
Fernandina Beach, Florida 32034

\$5,150,000
Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$360,000
Nassau County, Florida
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

\$210,000
Nassau County, Florida
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

Dear Board Members:

In connection with the proposed issuance by Nassau County, Florida (the "Issuer") of \$5,150,000 in aggregate principal amount of its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A, \$360,000 in aggregate principal amount of its Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B and \$210,000 Nassau County, Florida ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (collectively, the "Bonds"), PHN Capital Funding Inc. and Gardnyr Michael Capital, Inc. (collectively, the "Placement Agents") have agreed to sell the Bonds to sophisticated investors as more fully provided in the Limited Offering Statement relating to the sale of the Bonds dated the date hereof. The Bond Placement Agreement dated the date hereof between the Issuer and the Placement Agents will embody the negotiations in connection with the purchase of the Bonds. To evidence its representations and covenants contained in said Bond Placement Agreement, GF/Amelia Island Properties, Inc. (the "Company") will join the Issuer in acceptance and execution of the Bond Placement Agreement.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(4), Florida Statutes, as amended, certain information in connection with the issuance of the Bonds, as follows:

(a) the nature and estimated amounts of fees and expenses to be incurred by the Placement Agents and by the Issuer and paid with the approval of the Company in connection with the issuance of the Bonds are set forth in Schedule I attached hereto;

(b) no person has entered into an understanding with the Placement Agents, or to the knowledge of the Placement Agents, with the Issuer or the Company for any paid or promised compensation or valuable consideration, directly or indirectly, expressed or implied, to act solely as an intermediary between the Issuer and the Placement Agents or to exercise or attempt to exercise any influence to effect any transaction in the placement of the Bonds; and

(c) no other fee or other compensation is estimated to be paid by the Placement Agents in connection with the issuance of the Bonds, to any person not regularly employed or retained by the Placement Agents (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as fees and expenses to be incurred and paid by the Placement Agents or by the Issuer with the approval of the Company as set forth in Schedule I attached hereto.

We understand that you do not require any further disclosure from the Placement Agents, pursuant to Section 218.385(4), Florida Statutes, as amended.

Very truly yours,

PHN CAPITAL FUNDING INC., on behalf of itself
and Gardnyr Michael Capital, Inc.

By _____
Patricia H. Newman
President

cc: GF/Amelia Island Properties, Inc.
Eleven Piedmont Center, Suite 611
3495 Piedmont Road, N.E.
Atlanta, Georgia 30305

SCHEDULE I

Placement Agents' Fee	\$154,500.00
Placement Agents' Counsel Fee and Expenses	45,000.00
Issuer's Processing Fee	1,000.00
Issuer's Counsel Fee and Expenses	10,000.00
Issuer's Financial Consultant	15,000.00
Bond Counsel Fee and Expenses	30,000.00
Company's Administrative Fee	28,600.00
Company's Counsel Fee and Expenses	25,000.00
Company's Special Counsel Fee and Expenses	15,000.00
Company's Expenses	5,000.00
Manager's Counsel Fee and Expenses	26,800.00
Special Reimbursement Counsel Fee and Expenses	12,000.00
Trustee's Acceptance Fee	7,500.00
Trustee's Special Counsel Fee and Expenses	5,000.00
Financial Feasibility Study	55,000.00
Clearance	1,430.00
MSRB/PSA	228.80
CUSIP	264.00
Printing/Shipping of Blank Securities and Offering Documents	5,000.00
Closing Travel/Hotel/Meals	5,000.00
Placement Agents' Expenses (binding of transcripts, courier services, photocopies, mementoes, postage, telephone/telecopy, travel/hotel/meals)	15,000.00
Miscellaneous Contingency	<u>4,877.20</u>
TOTAL	\$467,200.00

EXHIBIT C

CERTIFICATE OF MANAGER

The undersigned officer of Eidetik, Inc. a Kentucky corporation (the "Manager"), in connection with the issuance and sale by the Board of County Commissioners of Nassau County, Florida (the "Issuer") of (i) \$5,150,000 aggregate principal amount of its ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A (the "Series 1992A Bonds"), (ii) \$360,000 aggregate principal amount of its Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B (the "Series 1992B Bonds") and (iii) \$210,000 aggregate principal amount of its ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (the "Series 1992C Bonds") (collectively, the "Bonds") hereby certifies that the information with respect to the Manager and the Management Agreement contained in the Limited Offering Statement dated September , 1992 with respect to the Bonds, including the information referenced therein, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading. There has been no material adverse change in the condition (financial or otherwise) of the Manager between the most recent dates as to which such financial information is available and has been provided to the Placement Agents and the date hereof.

WITNESS my signature this day of September, 1992.

EIDETIK, INC.

By _____
William F. Beaven
President

LIMITED OFFERING STATEMENT

NEW ISSUE

In the opinion of Special Issuer's Counsel, under existing laws, regulations and judicial decisions, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220, Florida Statutes. In the opinion of Bond Counsel, under existing laws, regulations and judicial decisions and subject to conditions described under the caption "TAX TREATMENT" herein, interest on the Series 1992A Bonds and the Series 1992C Bonds (i) is excludable from gross income of a recipient thereof for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals and corporations, and interest on the Series 1992B Bonds is includable in gross income of a recipient thereof for federal income tax purposes. See the caption "TAX TREATMENT" herein.

NASSAU COUNTY, FLORIDA (GF/Amelia Island Properties, Inc. Project)

**\$5,150,000 9.75% ICF/MR Revenue Bonds, Series 1992A,
Due September 1, 2022, Price: 100%**
**\$630,000 11.00% Taxable ICF/MR Subordinate Revenue Bonds,
Series 1992B, Due September 1, 2007, Price: 100%**
**\$210,000 10.00% ICF/MR Subordinate Revenue Bonds,
Series 1992C, Due September 1, 2007, Price: 100%**

The Bonds are being issued to finance the cost of (i) the acquisition and improvement of an existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded to be located in Nassau County, Florida (collectively, the "Facilities") by

GF/AMELIA ISLAND PROPERTIES, INC.

(the "Company"). Proceeds of the Bonds will also be used to fund a debt service reserve fund and pay the costs of issuing the Bonds. The Bonds are limited obligations of Nassau County, Florida (the "Issuer"), and (except to the extent that interest is payable from bond proceeds or any investment income therefrom) will be payable solely from and secured by (a) a mortgage and security interest in the fee title of the Company in and to the Facilities, (b) a pledge of revenues and receipts to be derived under a Loan Agreement with the Company with respect to the Facilities and (c) funds received as investment earnings on certain funds and accounts held under the Indenture.

THIS LIMITED OFFERING STATEMENT IS ONLY INTENDED FOR, THE LEVEL OF DISCLOSURE MADE HEREIN IS ONLY APPROPRIATE FOR AND A PURCHASE OF THE BONDS OFFERED HEREBY IS ONLY SUITABLE FOR SOPHISTICATED INVESTORS WHO HAVE ALSO HAD AN OPPORTUNITY TO SEEK OTHER RELEVANT INFORMATION DIRECTLY FROM THE COMPANY AND OTHERS AND ARE ABLE TO EVALUATE AN INVESTMENT IN THE BONDS ON THE BASIS OF SUCH DISCLOSURE AND THE INFORMATION PROVIDED BY THE COMPANY AND THE MANAGER. THE BONDS HAVE NOT BEEN QUALIFIED OR REGISTERED UNDER THE SECURITIES OR "BLUE SKY" LAWS OF ANY STATE OF THE UNITED STATES. THE BONDS JUNE OR JUNE NOT BE EXEMPT FROM QUALIFICATION OR REGISTRATION UNDER THE LAWS OF ANY PARTICULAR STATE, AND NO REPRESENTATION IS MADE THAT THE BONDS, OR ANY TRANSACTION OR TRANSACTIONS IN WHICH THEY JUNE BE OFFERED OR SOLD, ARE EXEMPT. OWNERS OF THE BONDS FROM TIME TO TIME WHO JUNE WISH TO OFFER THE BONDS FOR SALE SHOULD CONSULT THEIR COUNSEL AS TO THE AVAILABILITY OF AN EXEMPTION UNDER THE CIRCUMSTANCES OF THE PROPOSED OFFER AND SALE.

The Bonds are issuable as fully registered Bonds without coupons in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof (the "Authorized Denomination"). Interest on the Bonds is payable on each December 1 and June 1, beginning December 1, 1992. Interest payments will be mailed by the Trustee to each Owner of the Bonds of record as of the fifteenth day of the month preceding the due date. The principal of and premium, if any, of the Bonds will be paid on surrender of the Bonds to the Trustee. The Bonds are subject to optional and mandatory redemption as set forth herein.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER OR OF THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DERIVED FROM THE FACILITIES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND THE INTEREST ON THE BONDS.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of their validity by Kutak Rock, Atlanta, Georgia, Bond Counsel, and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Issuer's Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Issuer by Michael S. Mullins, Esq., Fernandina Beach, Florida; for the Company by Nelson, Mullins, Riley & Scarborough, Atlanta, Georgia; for the Manager by Holbrook, Wyble, Sullivan and Mourjoy, P.S.C., Owensboro, Kentucky; and for the Underwriters by Kutak Rock, Atlanta, Georgia. Parker, Poe, Adams & Bernstein, Raleigh, North Carolina, as Special Reimbursement Counsel, will also deliver an opinion. It is expected that the Bonds will be available for delivery in New York, New York, on or about June , 1992.

PHN CAPITAL FUNDING INC.

GARDYNR MICHAEL CAPITAL, INC.

The date of this Limited Offering Statement is September __, 1992.

The Bonds, as limited obligations of a public body corporate and politic and a public instrumentality of the State of Florida, are exempt from registration under the Securities Act of 1933. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Statement and, if given or made, such other

information or representations should not be relied upon as having been authorized by the Issuer, the Company, the Manager or the Underwriters. This Limited Offering Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any state 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 Issuer, the Company, the Manager and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information herein is subject to change without notice, and neither the delivery of this Limited Offering Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer or the Company or the Manager since the date hereof. THIS LIMITED OFFERING STATEMENT IS ONLY INTENDED FOR, THE LEVEL OF DISCLOSURE MADE HEREIN IS ONLY APPROPRIATE FOR, AND A PURCHASE OF THE BONDS OFFERED HEREBY IS ONLY SUITABLE FOR SOPHISTICATED INVESTORS WHO HAVE ALSO HAD AN OPPORTUNITY TO SEEK OTHER RELEVANT INFORMATION DIRECTLY FROM THE COMPANY, THE MANAGER AND OTHERS AND ARE ABLE TO EVALUATE AN INVESTMENT IN THE BONDS ON THE BASIS OF SUCH DISCLOSURE AND THE INFORMATION PROVIDED BY THE COMPANY AND THE MANAGER.

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LIMITED OFFERING STATEMENT

\$5,150,000

NASSAU COUNTY, FLORIDA
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$360,000

NASSAU COUNTY, FLORIDA
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

\$210,000

NASSAU COUNTY, FLORIDA
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

INTRODUCTION

This Limited Offering Statement, including the cover page and appendices, is provided to furnish sophisticated investors with certain information regarding the \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A (the "Series 1992A Bonds"); \$360,000 Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B (the "Series 1992B Bonds"); and \$210,000 ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (the "Series 1992C Bonds") (the Series 1992A Bonds, Series 1992B Bonds and Series 1992C Bonds, and any parity obligations issued under the below-described Indenture, being hereinafter sometimes collectively referred to as the "Bonds"), being issued by the Board of County Commissioners of Nassau County, Florida (the "Issuer"), to provide funds to (i) finance the cost of the acquisition and improvement of an existing intermediate care facility for the mentally retarded ("ICF/MR") consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and (ii) finance the cost of the acquisition, construction, equipping and furnishing of a related day program services facility for the mentally retarded (the "DPS Facility") to be located in Nassau County, Florida (collectively, the "Facilities"), (iii) fund the Debt Service Reserve Fund and (iv) pay the costs of issuing the Bonds.

The Issuer has entered into a Loan Agreement dated as of September 1, 1992 (the "Agreement") with GF/Amelia Island Properties, Inc. (the "Company"), a Florida not-for-profit corporation, under which the Issuer has agreed to issue the Bonds and to lend the proceeds thereof to the Company for the purpose of financing the acquisition, construction, equipping and furnishing of the Facilities. The Bonds are being issued pursuant to the Florida Industrial Development Financing Act, being Section 159.25 et seq., Florida Statutes, as amended (the "Act"), and an Indenture of Trust between the Issuer and NationsBank of Georgia, N.A., as trustee (the "Trustee"), dated as of September 1, 1992 (the "Indenture").

Payment of the Bonds is dependent upon revenues generated by the Facilities. A description of certain risks affecting the generation of such revenues is set forth under the caption "INVESTMENT CONSIDERATIONS" herein.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER OR OF THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DERIVED FROM THE FACILITIES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND THE INTEREST ON THE BONDS.

Simultaneously with the issuance of the Bonds, the Company will grant a mortgage and security interest in its fee simple title in and to the Facilities to the Issuer pursuant to a Mortgage and Security Agreement dated as of September 1, 1992 (the "Mortgage"). The Company is required under the Agreement to make payments of all Revenues, as hereinafter defined, to the Trustee, which are expected to be sufficient to pay when due the principal of, premium, if any, and interest on the Bonds, and certain related expenses.

A more detailed description of the security for the Bonds is set forth under the caption "SECURITY FOR THE BONDS" herein. Brief descriptions of the Bonds, the Indenture, the Mortgage, the Agreement and the Management Agreement, as hereinafter defined, are set forth in this Limited Offering Statement. All descriptions herein of the Bonds and such documents are only summaries and are qualified in their entirety by reference to each such instrument or document. Capitalized terms used in this Limited Offering Statement and not otherwise defined have the meanings given them under the caption "DEFINITIONS OF CERTAIN TERMS" herein or in the Indenture. Questions or comments relating to the proposed form of the Indenture or the other basic documents should be addressed to PHN Capital Funding Inc. ("PHN") during the period of the offering at One Buckhead Plaza, Suite 1880, 3060 Peachtree Road, N.W., Atlanta, Georgia 30305 or to Gardnyr Michael Capital, Inc. during the period of the offering at Suite 104, 2281 Lee Road, Winter Park, Florida 32789 (collectively, with PHN, the "Placement Agents"). Subsequent to the delivery of the Bonds, executed copies of the basic documents relating to the issuance of the Bonds may be examined at the Principal Office, as defined in the Indenture, of the Trustee.

THIS LIMITED OFFERING STATEMENT IS ONLY INTENDED FOR, THE LEVEL OF DISCLOSURE MADE HEREIN IS ONLY APPROPRIATE FOR, AND A Placement OF THE BONDS OFFERED HEREBY IS ONLY SUITABLE FOR SOPHISTICATED INVESTORS WHO HAVE ALSO HAD AN OPPORTUNITY TO SEEK OTHER RELEVANT INFORMATION DIRECTLY FROM THE COMPANY, THE MANAGER AND OTHERS AND ARE ABLE TO EVALUATE AN INVESTMENT IN THE BONDS ON THE BASIS OF SUCH DISCLOSURE AND THE INFORMATION PROVIDED BY THE COMPANY AND THE MANAGER. SEE "APPENDIX C--FORM OF INVESTMENT LETTER."

THE ISSUER

Nassau County, Florida is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State and governed by a Board of County Commissioners consisting of 5 members.

DESCRIPTION OF THE BONDS

General Description

The Bonds will be dated the date of their delivery, will bear interest from their date of authentication, payable on March 1, 1992 and semiannually thereafter on each September 1 and March 1, at the rate of (i) 9.75% as to the Series 1992A Bonds maturing, subject to prior redemption as hereinafter described, on September 1, 2022, (ii) 11.00% as to the Series 1992B Bonds maturing, subject to prior redemption, on September 1, 2007 and (iii) 10.00% as to the Series 1992C Bonds maturing, subject to prior redemption, on September 1, 2007.

Extraordinary Mandatory Redemption

The Bonds are callable for redemption, in whole or in part, if the Company prepays Revenues pursuant to the Agreement in the event (a) the Facilities or any portion thereof are destroyed, or are damaged by fire or other casualty; (b) title to, or the temporary or permanent use of the Facilities or any portion thereof or the estate of the Company in the Facilities or any portion thereof is taken under the power of eminent domain by any governmental authority; (c) a material defect in construction of the Facilities becomes apparent; or (d) title to or use of all or any portion of the Facilities is lost by reason of a defect in title thereto. The Trustee shall use moneys received by it pursuant to the provisions of the Agreement and the Indenture to so redeem Bonds. The Bonds are subject to redemption through the application of such moneys at any time (or if redeemed in part, on any Interest Payment Date) at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption and without premium.

Optional Redemption

The Series 1992A Bonds and the Series 1992C Bonds are subject to redemption at the option of the Issuer (which option shall be exercised as directed by the Company), in part on September 1, 2002 or on any Interest Payment Date thereafter or in whole on September 1, 2002 or at any time thereafter, at the redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2002 through August 31, 2003	103%
September 1, 2003 through August 31, 2004	102
September 1, 2004 through August 31, 2005	101
September 1, 2005 and thereafter	100

The Series 1992B Bonds are not subject to redemption at the option of the Issuer.

Mandatory Sinking Fund Redemption

(a) The Series 1992A Bonds are subject to mandatory sinking fund redemption prior to maturity in part, in the amounts and on September 1 in years as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1993	\$ 20,000	2008	\$150,000
1994	20,000	2009	160,000
1995	20,000	2010	180,000
1996	20,000	2011	195,000
1997	25,000	2012	215,000
1998	30,000	2013	235,000
1999	30,000	2014	260,000
2000	35,000	2015	285,000
2001	35,000	2016	310,000
2002	40,000	2017	345,000
2003	40,000	2018	375,000
2004	50,000	2019	410,000
2005	50,000	2020	455,000
2006	60,000	2021	495,000
2007	60,000	2022*	545,000*

*Maturity

(b) The Series 1992B Bonds are subject to mandatory sinking fund redemption prior to maturity in part, in the amounts and on September 1 in years as follows:

<u>Year</u>	<u>Principal Amount</u>
1993	\$15,000
1994	15,000
1995	20,000
1996	25,000
1997	25,000
1998	25,000
1999	35,000
2000	35,000
2001	40,000
2002	40,000
2003	50,000
2004*	35,000*

*Maturity

(c) The Series 1992C Bonds are subject to mandatory sinking fund redemption prior to maturity in part, in the amounts and on September 1 in years as follows:

<u>Year</u>	<u>Principal Amount</u>
2004	\$15,000
2005	60,000
2006	60,000
2007*	75,000*

*Maturity

Each respective Series of Bonds to be redeemed by mandatory sinking fund redemption will be selected by lot within such respective Series by the Registrar in such manner as it may determine. The Bonds will be redeemed at the redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

(d) At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the Company, on behalf of the Issuer, may (a) deliver to the Trustee for cancellation the respective Bonds or portions thereof (in Authorized Denominations) in any aggregate principal amount desired, or (b) receive a credit in respect of its mandatory redemption obligation for the respective Bonds or portions thereof (in Authorized Denominations) which prior to said date have been Placemtd or redeemed (otherwise than through mandatory sinking fund redemption) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Bond or portion thereof so delivered or previously Placemtd or redeemed and cancelled by the Trustee will be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem the respective Bonds on such mandatory redemption date and any excess over such amount will be credited against future mandatory redemption obligations in chronological order, and the principal amount of the respective Bonds so to be redeemed will be accordingly reduced.

Notice of Redemption

Notice of redemption will be given by the Trustee by first class mail, postage prepaid, not less than 30 nor more than 60 days before the redemption date to the respective Registered Owners of the Bonds to be redeemed at the address shown on the registration books maintained by the Trustee. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices.

Bonds Redeemed in Part

If less than all of a respective Series of Bonds are called for redemption, the particular Bonds within such respective Series to be redeemed will be selected within a maturity by lot by the Registrar, in such manner as the Registrar, may determine. If a notice of redemption is unconditional, or if the conditions of a conditional notice of redemption have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds will be redeemed. Any Bonds or portions of Bonds which have been duly selected for redemption and which are deemed to be

paid in accordance with the Indenture will cease to bear interest on the specified redemption date and will thereafter cease to be entitled to any lien, benefit or security under the Indenture.

SECURITY FOR THE BONDS

The Bonds are limited obligations of the Issuer, equally and ratably secured under the Indenture, which will assign to the Trustee as security for the Bonds (a) a pledge of revenues and receipts to be derived under the Agreement, which payments will be derived from Revenues from the operation of the Facilities, including specifically third-party payments made under the Medicaid program and (b) income earned on the funds and accounts established under the Indenture. In addition, the Company will grant to the Trustee a mortgage and security agreement in its fee simple title in and to the Facilities.

The Trustee's security interest in the Issuer's present and future rights in and to the Revenues is prior to any security interest in, lien on or pledge of the Issuer's rights in and to the Revenues heretofore created or that may hereafter be created, except as may be limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) prohibitions against assignments contained in federal statutes, including those governing the Medicaid program; (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (e) federal bankruptcy laws affecting the Revenues earned by the Issuer after any effectual institution of bankruptcy or reorganization proceedings by or against the Issuer; (f) rights of third parties in any Revenues, including Revenues converted to cash, not in the possession of the Trustee; and (g) the requirement that appropriate continuation statements be filed in accordance with the Florida Uniform Commercial Code as from time to time in effect.

The Bonds shall not be deemed to constitute a debt, liability or obligation of the Issuer, Nassau County or the State or any political subdivision thereof. The Bonds are payable solely from the Revenues.

See the caption "INVESTMENT CONSIDERATIONS" herein.

Covenants of Company

In the Agreement, the Company covenants, among other things, that it will operate or cause to be operated the Facilities through the date on which all of the Bonds have been fully paid or are otherwise no longer Outstanding, and the Company covenants that it will not take any action which would impair the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. The Company's obligations under the Agreement are non-recourse and limited solely to the Revenues.

The Revenues

Pursuant to the Agreement, the Issuer agrees to lend to the Company the proceeds received from the sale of the Bonds. As repayment of the loan pursuant to the Agreement, the Company will pay directly to the Trustee, as assignee of the Issuer under the Indenture, the Revenues, as hereinafter described.

"Revenues" includes all rates, fees, rentals or other charges or other income, other than gifts, grants or bequests restricted by the terms thereof, received by the Company in connection with the management and operation of the Facilities, and all parts thereof, including amounts received from the

investment or deposit of moneys in any fund created under the Indenture other than the Rebate Fund and any amounts contributed by the Company, all as calculated in accordance with Generally Accepted Accounting Principles, and net proceeds of insurance or condemnation awards required to be transferred to the Trustee under the Agreement. "Revenues" does not include any amounts collected by the Company representing State sales taxes or State user fees which may be required by law or agreement to be paid to the State.

Financial Feasibility Study

KPMG Peat Marwick, Jacksonville, Florida, certified public accountants, has examined the Company's financial feasibility study (the "Financial Feasibility Study") relating to the ability of the Company to generate revenues from the operation of the Facilities sufficient to meet the debt service requirements of the Bonds and to pay the Operating Expenses, the Management Fee and the Company's fee. THE FINANCIAL FEASIBILITY STUDY IS ATTACHED HERETO AS APPENDIX A AND SHOULD BE READ IN ITS ENTIRETY. Based on the assumption that the Series 1992A Bonds, Series 1992B Bonds and Series 1992C Bonds will be issued in the aggregate principal amount of \$5,150,000, \$360,000 and \$210,000, respectively, will bear interest at a rate of 9.75% per annum, 11.00% per annum and 10.00% per annum, respectively, and will be payable by mandatory sinking fund redemption or at maturity in the amounts and on the dates set forth under the caption "ANNUAL DEBT SERVICE REQUIREMENTS" herein, debt service coverage of the Bonds and other debt of the Company expected to be incurred in connection with the Facilities is forecasted to be as set forth below.

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Forecasted Statements of Debt Service Requirements
and Coverage Ratios
(in thousands)

	Years Ending June 30,			
	1993	1994	1995	1996
Excess of revenues over expenses before depreciation, amortization and Bond interest	\$	\$	\$	\$
Add subordinated fees:				
- Company administrative fee	_____	_____	_____	_____
- Management fee	_____	_____	_____	_____
Funds available for debt service	\$	\$	\$	\$
Total debt service requirements	\$ _____	\$ _____	\$ _____	\$ _____
Debt Service coverage with subordination of fees	. . X	. . X	. . X	. . X
Debt Service coverage without subordination of fees	. . X	. . X	. . X	. . X

The Financial Feasibility Study is based upon the Company's forecasts of revenues and expenses and upon legislation and regulations currently in effect. See "SECURITY FOR THE BONDS -- Third Party Payments" herein. Future legislation or regulations related to ICF/MRs may have a material effect on future operations. If actual interest rates and principal payments differ from those assumed in the Financial Feasibility Study, the debt service requirements would need to be adjusted accordingly. Some assumptions which served as a basis for the Financial Feasibility Study inevitably will not materialize, and unanticipated events and circumstances may occur; consequently, the actual results achieved during the feasibility study period may vary from those results set forth in the Financial Feasibility Study, and such variations may be material. THE FINANCIAL FEASIBILITY STUDY SHOULD BE READ IN ITS ENTIRETY. See "APPENDIX A -- Financial Feasibility Study."

Mortgage and Security Interest

Pursuant to the Mortgage, the Company grants to the Issuer a first priority lien on and security interest in the fee simple title of the Company in and to the Facilities.

Rate Covenant

Subject to applicable requirements imposed by law, the Company covenants under the Agreement to fix, establish or maintain or cause to be fixed, established or maintained, such rates, rentals and charges for the provision of services with respect to in the Facilities and revise or cause to be revised the same prior to the commencement of each Fiscal Year, as may be necessary to produce Revenues at least equal in such Fiscal Year to the total of (a) Operating Expenses and Management Fees budgeted for such Fiscal Year plus (b) 120% of the aggregate of the debt service to become due during such Fiscal Year.

If in any Fiscal Year the Revenues are expected to be less than the aforesaid amount, the Company will, subject to applicable requirements imposed by law, revise its fees and charges or its methods of operation and shall take such other action as shall be necessary to create the necessary Revenues. See the caption "THE LOAN AGREEMENT--Rate Covenant" herein.

Although the Company covenants to fix, establish and maintain the above-described rates, rentals and charges, a breach of its rate covenant will not constitute an Event of Default if (i) a Consultant delivers a certificate that rates, rentals and charges cannot be further increased within the policies and guidelines of the Florida Department of Health and Rehabilitative Services ("HRS") and (ii) the projected Revenues for the Fiscal Year are at least equal to the total of Operating Expenses and Management Fees budgeted for such Fiscal Year and 100% of the aggregate of the debt service to become due during such Fiscal Year.

Debt Service Reserve Fund

Pursuant to the Indenture, the Trustee will deposit in the Debt Service Reserve Fund certain proceeds of the Bonds and other Revenues such that the balance in such account at all times equals or exceeds, or is expected to equal or exceed within twelve (12) months, the Debt Service Reserve Requirement. See the caption "THE INDENTURE--Funds and Accounts Created by the Indenture" herein. Amounts on deposit in the Debt Service Reserve Fund will be used by the Trustee for the purpose of paying the last maturing principal of and interest on the Senior Bonds, whether at the stated payment date or by redemption of the Senior Bonds; provided, however, that whenever and to the extent that moneys in the Debt Service Fund are insufficient for the purpose of paying principal of and interest on the Senior Bonds, whether or not at the redemption date therefor or otherwise, moneys on deposit in the Debt Service Reserve Fund will be withdrawn by the Trustee and used for such purposes in accordance with the order of priorities set forth in the Indenture.

Limited Obligations

The Bonds will be limited obligations of the Issuer as more fully set forth under the caption "SECURITY FOR THE BONDS" herein.

Bankruptcy

Because the Bonds are secured by a revenue stream, bankruptcy and similar proceedings against the Company and usual equity principles may affect the enforcement of rights to such security. A court may invoke other equity principles to refuse to enforce specifically rights to such security. If such security is inadequate for payment in full of the Bonds, the non-recourse nature of the transaction, bankruptcy proceedings and usual equity principles may also limit any attempt by the Trustee to seek payment from other property, if any, of the Company.

Current provisions of the federal bankruptcy laws may impede enforcement by the Trustee and the bondholders of their claims to the Revenues pledged to secure the Bonds. Federal bankruptcy law now permits adoption of a reorganization plan even though it may not be accepted by the holders of a majority in aggregate principal amount of the Bonds if the Owners of the Bonds are provided with the benefit of their original security or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Owners of the Bonds have "adequate protection," it may (a) substitute other security for the security subject to the lien of the Owners of the Bonds and (b) subordinate the lien of the Owners of the Bonds to (i) claims by persons supplying goods and services to the Company after bankruptcy and

(ii) the administrative expenses of the bankruptcy proceeding. In the event of the bankruptcy of the Company, the amount realized by the Owners of the Bonds might depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances.

Third Party Payments

Substantially all of the Revenues are expected to be derived from payments under the Medicaid program. Under the 1972 amendments to the Social Security Act, the Secretary of Health and Human Services periodically establishes prospective limits on the amount of routine costs which are reimbursable under the Medicaid program. Reimbursement under Medicaid is required to be paid on a "reasonable cost related basis". Each state participating in the Medicaid program is required to submit and secure approval from the federal Department of Health and Human Services ("DHHS") of its "state plan for medical assistance" which sets forth the methods and procedures for calculating ICF/MR reimbursement on a "reasonable cost related basis". DHHS has approved the State's Title XIX ICF/MR Reimbursement Plan, revised as of February 25, 1986 (the "Plan"), as the basis pursuant to which ICF/MRs are reimbursed for services provided to Florida Medicaid recipients. A copy of the Plan may be obtained by written request to the Deputy Assistant Secretary for Medicaid, 1317 Winewood Boulevard, Tallahassee, Florida 32301.

The State's Medicaid program is administered by HRS. The Plan provides that an ICF/MR report at prescribed intervals its designated allowable costs on a uniform cost reporting form which is subject to state audit.

Each ICF/MR is reimbursed for each level of care at the lesser of: (a) the facility's average, usual and customary charge for care or (b) the facility's cost for rendering care (as defined in and limited by the Plan and applicable Medicaid regulations).

Medicaid ICF/MR costs are allocated to four major cost components:

- (a) Operating;
- (b) Resident Care;
- (c) Property; and
- (d) Return on Equity.

Although four levels of care are defined for the ICF/MR program, only two reimbursement classes are recognized:

- (a) Residential - Institutional; and
- (b) Non-Ambulatory - Medical.

For each of the four cost components in each of the two classes of reimbursement, rates are adjusted semi-annually, on May 1 and October 1 of each year, based on the most current cost reports on file as of February 1 and August 1, respectively. Property and return on equity are reimbursed at actual cost to the extent that such costs are allowable and reasonable. For operating and resident care costs, the State reimburses its ICF/MR providers prospectively (i.e., cost reports filed for a given fiscal year are used to "estimate" what costs are going to be incurred in future rate setting periods by indexing the reported costs forward with an inflation factor that is based on the Data Resources, Inc. Nursing Home Market Basket Index). The Plan provides for a maximum annual growth allowance of inflation plus 1.786%. Providers that are able to contain their cost increases to less than inflation are allowed to retain

a portion of the savings accrued to the State as an incentive. Incentives are prorated for the percentage of days that a provider is out of compliance with a Condition of Participation.

The State's ICF/MR Reimbursement Plan does not allow rebasing every five years or whenever 50% or more of private providers' operating and resident care per diem rates (combined) are less than the operating and resident care inflated costs (combined). A limited interim rate provision also exists to allow the adjustment of base rates if a provider incurs necessary increased costs in excess of a threshold.

INVESTMENT CONSIDERATIONS

General Risk Factors

Except to the extent that the Bonds are payable from moneys attributable to income from investments or under certain circumstances, proceeds of casualty insurance or condemnation awards or from moneys held under the Indenture, the Bonds are payable solely from the Revenues and from the security provided by the Indenture. No representation or assurance can be made that Revenues, as presently forecasted or otherwise, will be realized by the Issuer, the Trustee or any other party in the amounts necessary to pay the principal of, premium, if any, and interest on the Bonds. The financial forecasts of future Revenues and expenses contained in Appendix A to this Limited Offering Statement, and the realization of such projections, are subject to, among other things, future economic and other conditions which are unpredictable and which may adversely affect such Revenues and expenses and the payment of the principal of, premium, if any, and interest on the Bonds.

With respect to the Company and the Manager, such conditions may include an inability to control expenses in a period of inflation, the level of future demand for services provided by the Company and the Manager, and the ability of the Company and the Manager to meet such demand, competition from other providers, economic prosperity of the nation and of the service area of the Facilities and difficulties in increasing fees charged without adversely affecting usage of the Facilities. The Company may be unable to recoup any or all of these increased costs or expenses through the State's ICF/MR Reimbursement Plan. See the caption "SECURITY FOR THE BONDS--Third Party Payments" herein.

The ability of the Issuer to pay debt service on the Bonds is dependent upon Medicaid revenues to be received from the State and the adequacy thereof. Although the Facilities could be sold or leased for commercial purposes, it is highly unlikely that rentals received from any such leasing would be sufficient to pay debt service on the Bonds or that the proceeds from any such sale would equal the Placement price paid by the Issuer for the Facilities. The value and earning potential of the Facilities therefore depends upon their continued operation and use as an ICF/MR and a DPS Facility, and continued funding by the State of the cost of caring for patients therein. In summary, the chief risk of an investment in the Bonds is that the stream of Revenues from which it is expected that the debt service will be paid and the value of the Owners' security are both dependent upon the right presently enjoyed by the Facilities under the State reimbursement policies. That right is not guaranteed and could be diminished or revoked at any time as a result of legislative action. Furthermore, State reimbursement policies are subject to change and may be influenced by budgetary constraints and the ability of the Manager to operate the Facilities in compliance with all applicable licensing requirements so as to avoid State sanctions such as "bed holds" (prohibitions against accepting new patients) or outright decertification.

State and Federal Regulation

Both federal and State legislation can, among other things, affect and alter governmental administrative and reimbursement procedures, institute cost containment procedures placing limits on increases in Revenues or imposing mandatory controls on overcharges, costs, expenses and capital expenditures, and authorize health insurance programs, all of which could have a material adverse impact on the ability of the Facilities to generate Revenues sufficient to pay debt service with respect to the Bonds, regardless of compliance with the rate covenant.

In the future, the following factors, among others, may adversely affect the operations of health care facilities, including the Facilities, to an extent and in a manner that cannot be determined at this time:

- (i) Efforts by the State to limit the cost of ICF/MR care;
- (ii) Changes in third party reimbursement programs reducing the amount of reimbursement for costs; and
- (iii) Delays in reimbursement payments under Medicaid or other governmentally-administered health care reimbursement programs.

Mortgage Security

Possible alternative uses for the Facilities are few, and some uses (e.g. nursing homes) require federal and State approvals or licenses that may not be obtainable. Therefore, in the event of a foreclosure of the Facilities pursuant to the Mortgage, the Trustee's effective remedies and the number of entities interested in purchasing or leasing the Facilities may well be limited. No assurance can be given that the amount realized on any sale of the Facilities would be sufficient to discharge the Bonds or equal the price of the Facilities reflected in the principal amount of the Bonds.

Market for Bonds

The Placement Agents are under no obligation to maintain a secondary market for the Bonds, and the absence of any rating could adversely affect the ability of holders to sell the Bonds and the price at which the Bonds can be sold.

Competition

The Company faces some limited competition from certain existing facilities for the mentally retarded and may face additional competition in the future as a result of the construction of new, or the renovation or expanding of existing, facilities for the mentally retarded in the areas served by the Facilities.

Labor Union Activity

Although the Company's employees are not represented by a union and the management is not aware of any labor organizational efforts, the unionization of the Company's employees could have an adverse effect on financial condition and could result in substantial increase in costs without corresponding increases in revenues.

Limited Resources of the Company

The Company has no other assets, other than the Facilities. No other revenues are available to pay debt service on the Bonds.

No Rating

No application has been made for a credit rating for the Bonds. The absence of a rating could adversely affect the market for and the price of the Bonds. There can be no assurance that there will always be a secondary market for Placement or sale of the Bonds, and from time to time there may be no market for them depending upon prevailing market conditions, the financial condition or market position of firms who may makeup the secondary market and the financial condition and results of operations of the Company. The Bonds should therefore be considered suitable only for sophisticated investors and long-term investments in which funds are committed to maturity.

ESTIMATED SOURCES AND USES OF FUNDS

The Issuer's estimates of sources and uses of funds in connection with the issuance of the Bonds are as follows:

SOURCES OF FUNDS:	
Proceeds of the Series 1992A Bonds	\$5,150,000.00
Proceeds of the Series 1992B Bonds	630,000.00
Proceeds of the Series 1992C Bonds	<u>210,000.00</u>
TOTAL SOURCES OF FUNDS	<u>\$5,720,000.00</u>
USES OF FUNDS:	
Acquisition and Improvement Fund	\$4,737,800.00
Debt Service Reserve Fund	515,000.00
Cost of Issuance Fund	312,700.00
Placement Agents' Fee	<u>154,500.00</u>
TOTAL USES OF FUNDS	<u>\$5,720,000.00</u>

THE COMPANY

Corporate Structure

The Company was incorporated as a not-for-profit corporation on [, 199_] under the not-for-profit corporation laws of the State. The Company is a wholly-owned subsidiary of The Guardian Foundation, Inc. (the "Parent"), which was incorporated as a not-for-profit corporation on March 6, 1989 under the not-for-profit corporation laws of the Commonwealth of Pennsylvania. The Company is organized and operated exclusively for public charitable purposes, and was neither organized nor controlled, directly or indirectly, by private interests.

The Internal Revenue Service issued a determination letter dated January 30, 1990, determining that the Parent is exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code.

The Parent has received a group exemption under Section 501(c)(3) of the Code on August 23, 1990, for certain subordinate entities, including the Company, of which [two] have been incorporated and were named in the ruling request. The [two] existing subordinate entities are non-profit corporations created under the nonprofit laws of the [Commonwealth of Pennsylvania] and the State of [Ohio]. The officers and directors of the subordinate entities, including the Company, are the same as those of the Parent.

The purpose of the subordinate entities is to permit the financing of different projects through different corporate entities, so as to eliminate any possibility that any problems experienced by one project might adversely affect the financing for another project. Additional subordinate entities will be created in the future as the need arises.

The Company shall have perpetual duration and was organized upon a nonstock basis, and its officers and directors are as follows:

President and Director	Gregory K. Grove
Secretary and Director	Eric I. Weisel
Director	C. Willis Bass

Biographical sketches for the above persons follows.

Statement of Purpose

The Company was organized to establish, acquire, own and maintain nursing homes, hospitals and related health care facilities, as well as retirement housing for elderly persons, and to thereafter own and operate (through management contracts with third parties) such facilities for charitable purposes. It is the intention of the Company to reinvest excess cash flow into the properties it acquires to improve the physical plant and the quality of patient or resident care.

The Company was formed in response to what the directors perceive is an acute need for construction of new healthcare facilities and the renovation of existing facilities. Notwithstanding staggering capital needs, very little capital is being invested in healthcare facilities at present, and in some areas the number of patient or resident beds is actually shrinking as facilities file bankruptcy petitions or are closed by the state licensure agencies because they no longer have the financial resources to supply an acceptable level of care. As a result, there is an acute shortage of capital in all but the most high end of the healthcare industry; operators are deferring maintenance; little construction of additions to existing facilities or new facilities is taking place; and values of healthcare facilities have been greatly reduced.

The Company hopes to help reverse this trend by acquiring existing healthcare facilities at today's low prices from capital poor proprietary chains, renovating and expanding those facilities, and thereafter operating those facilities on a non-profit basis. The Company believes that capital is readily available in the tax-exempt bond market to non-profit corporations for these purposes, although not readily available to for-profit entities. Ultimately, the Company hopes to be able to develop and construct new healthcare facilities.

The Company plans to plow back operating revenues from its facilities into improvements to its physical facilities and level of quality to its patient or resident care programs. This is in contrast to proprietary facilities, which are frequently sold as soon as positive cash flow develops for a new owner, who then devotes the cash flow to paying the newly increased debt service rather than to more socially desirable uses. The Company does not intend to resell healthcare facilities acquired by it.

The Officers and the Board of Directors

The officers are elected by the Board of Directors and serve at the will of the Board of Directors or until their earlier death, resignation, removal, retirement or disqualification.

The Company is governed by a Board of Directors which currently consists of three members. The members of the Board of Directors of the Company were elected for a one-year term. The directors have specific expertise in investment banking services to the healthcare industry, and healthcare consulting and management. The directors and officers of the Company have accepted these positions primarily for reasons relating to individual civic concerns.

The Company's directors receive fees in the amount of \$250 for attendance at each meeting of the full Board of Directors, and the directors may be reimbursed for direct expenses incurred in connection with attendance at directors' meetings or otherwise in connection with the Company's business, payment of which is made from the Company's fees and general funds or the respective subordinate entity's fees, as appropriate.

Gregory K. Grove. Mr. Grove was elected the Company's President in [December, 1990], and has served as a Director since the Company was formed in [1989]. Mr. Grove was a co-founder of Grove Capital Corporation which was formed in late 1983 to provide investment banking and underwriting services to the healthcare industry and to small industrial and to small industrial corporations. Since its inception, the firm has underwritten or acted as financial advisor or placement agent for in excess of forty-five financings aggregating over \$160 million, the majority of which financed healthcare facilities. He holds the following registrations with the National Association of Securities Dealers, Inc.: Municipal Securities Principal, General Securities Principal, and is a federal and state securities Registered Representative.

Prior to moving to Atlanta, Georgia in 1983, Mr. Grove was with the firm of Shearson American Express in New York City. From 1978 to 1982 he was with the investment banking firm of Oppenheimer & Company, which included several years in their New York headquarters in the Financial Services department.

Mr. Grove began his career in the investment and securities industry in 1972 with the firm of Merrill Lynch Pierce Fenner & Smith following completion of a Masters of Business Administration at Tulane University and his graduation from the University of North Carolina with a Bachelors of Arts degree in science.

Eric I. Weisel. Mr. Weisel served as the Parent's first President and currently serves as Secretary and Treasurer of the Company. He has served as a Director since the formation of the Company in [1989]. Since 1983, Mr. Weisel has served as Administrator of Bloomsburg Health Care Center, a 154-bed skilled nursing facility in Bloomsburg, Pennsylvania. He was responsible for the final phases of construction and expansion of that facility from 85 to 154 beds and he supervised the upgrading of staff in order to achieve Medicare, Blue Cross and Veterans Administration certifications. Mr. Weisel

has been engaged since 1981 as an independent medical records consultant to 5 long-term nursing facilities providing guidance concerning documentation of compliance with state and federal regulations, as well as conducting individual and group in-service training.

During his tenure in 1982 and 1983 as Administrator of the 125-bed skilled nursing facility, Cheltenham-York Road Nursing and Rehabilitation Center, Geriatric & Medical Centers, Inc., Mr. Weisel was able to overcome a poor prior reputation in the community, obtain Medicare and Blue Cross certifications, and achieve 100% occupancy. His other healthcare related experience includes: Assistant Administrator, Cheltenham Nursing and Rehabilitation Center, G & MC (1980-). Mr. Weisel has received accreditations as a Pennsylvania Nursing Home Administrator and American Medical Record Association Accredited Record Technician.

From 1972 to 1976, Mr. Weisel served as Intelligence Analyst, U.S. Military Liaison Mission to the Commander in Chief, Group of Soviet Forces in East Germany. Mr. Weisel holds a Bachelor of Arts Degree from Temple University.

C. Willis Bass. Mr. Bass has served as a Director of the Company since its formation in [1989]. For over 14 years Mr. Bass was employed in the securities industry. From mid-1975 until January, 1983, he served as an investment account executive with Merrill Lynch Pierce Fenner & Smith, and from then until the end of 1986 he was a First Vice President with the firm of Drexel Burnham Lambert where he managed corporate and pension investment accounts. Since leaving Drexel in December of 1986, he has been a self-employed real estate and securities investor, currently managing several real estate holdings throughout the southeast.

Mr. Bass received a Bachelor of Science degree in Industrial Design from Auburn University in 1971 and a graduate degree in Marketing Sciences from the University of Alabama in 1973. He has maintained his federal and state securities Registered Representative license with the National Association of Securities Dealers, Inc.

It is the intention of the Company to add members to the Board of Directors of its respective subordinate entities as acquisitions are made in order to complement its experience and expertise in the administration of tax-exempt organizations.

HISTORY AND BACKGROUND OF THE CARE OF THE DEVELOPMENTALLY DISABLED

During the first half of the twentieth century, states often isolated individuals with developmental disabilities from community life. Large state hospitals provided publicly supported residences, educational and vocational opportunities within their walls to these individuals.

Beginning in the 1950's, the development of new training and treatment programs, the expansion of knowledge regarding the causes of developmental disabilities and the civil rights movement all affected the way states viewed developmental disabilities. Rather than isolating individuals with developmental disabilities within the walls of large state hospitals, states gradually began integrating these individuals into community life by providing community residential, educational and vocational services.

As an alternative to the institutional nature of large state hospitals, many states have established ICF/MR facilities. ICF/MR facilities provide health care and training services to individuals who do not require the degree of care provided in hospitals or skilled nursing facilities.

Congress also provided aid to individuals with developmental disabilities when it amended the Social Security Act in 1965. The amendment made individuals with mental retardation eligible to receive payments under the newly created Medicaid program. Today, individuals, who utilize services provided by qualified ICF/MR facilities, are eligible for Medicaid payments.

Since 1982, federal Medicaid payments have contributed approximately 60% of all moneys spent by states on services for Developmentally Disabled/Mentally Retarded ("DD/MR") persons. All 50 states and the District of Columbia presently include ICF/MR services in their "State Plan for Medical Assistance" submitted to DHHS.

A state's payments for ICF/MR services must comply with Congress' amendment to the Social Security Act (also known as the "Boren Amendment"), which requires a state to demonstrate that its payments for ICF/MR services are "reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with applicable state and federal laws...". In 1990, the United States Supreme Court, in Wilder v. Virginia Hospital Association, ruled that private providers could seek relief in federal court for alleged underpayments by states under the provisions of the Boren Amendment. The Court concluded that the Boren Amendment imposes a binding obligation on states participating in the Medicaid program to adopt reasonable and adequate reimbursement rates.

THE FACILITIES

General Description

The Facilities consist of a 70-bed ICF/MR located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and a related DPS Facility to be located in Nassau County, Florida, which are licensed, or will be licensed in the case of the DPS Facility, in accordance with State law and certified in accordance with federal regulations, pursuant to the Social Security Act, as a provider of Medicaid (Title XIX) services. The ICF/MR provides continuous twenty-four hour a day supervision, room and board, supervised activities, health care services and a written treatment plan for each client identifying measurable goals and an individualized program toward the attainment of these goals. Eligible clients for the ICF/MR and the DPS Facility must be residents of the State having a monthly income of less than the state income standard and total assets not exceeding \$2,000.00. Each client must have severe mental and social incapacity, a preadmission diagnosis of mental retardation and a psychological assessment.

The DPS Facility will provide a full range of habilitative training for DD/MR persons to achieve the highest practicable degree of normalization and independence in their lives. The DPS Facility will operate for eight hours per day, five days per week in conjunction with the ongoing residential programs. The DPS Facility will consist of a sheltered work shop (industrial center), classrooms, a teaching kitchen and an administrative area. DD/MR persons produce products in support of local merchants in the sheltered work shop. Basic adult education, pre-vocational and vocational training are conducted in the classrooms to achieve the objectives detailed in each person's active treatment plan.

The following documents, copies of which have been delivered to the Purchasers of the Bonds, are hereby incorporated by reference into this Limited Offering Statement and made a part hereof as if an exhibit hereto:

1. Appraisal report by Valuation Counselors, Inc., Eleven Piedmont Center, Suite 611, 3495 Piedmont Road, N.E., Atlanta, Georgia 30305 of the ICF/MR portion of the Facilities located at 2700 Atlantic Boulevard, Fernandina Beach, Florida, prepared on January 17, 1992 by Patrick J. Simers, Senior Vice-President, Florida License No. 0557763.
2. An environmental inspection report by Espey, Huston & Associates, Inc., 17811 Waterview Parkway, Suite 400, Dallas, Texas 75252 to be delivered on September 26, 1991.
3. Inspection reports by the Florida Department of Health and Rehabilitative Services relating to the ICF/MR portion of the Facilities for the past three cost-reporting years.

Third Party Payments

The primary source of revenues for operation of the Facilities are third-party contracts from the State which are supported by payments under the Medicaid program. Under the Social Security Act, the Secretary of Health and Human Services periodically establishes prospective limits on the amount of routine costs which are reimbursable under the Medicaid program.

The State's Medicaid Program is administered by HRS, with 54.69% of the funding for ICF/MRs being provided by the federal government and 45.31% being provided by the State for the period October 1, 1991 through September 30, 1992. See the caption "SECURITY FOR THE BONDS--Third Party Payments" herein.

Demand for Services

The ICF/MR portion of the Facilities is currently 100% occupied by retarded citizens placed and funded by the State. According to the Development Services Program Office of HRS, the Strategic Plan for People with Developmental Disabilities for the Period 1992 Through 2002, dated January 1992, shows a current need for 2,045 additional residential beds in the State. The plan also projects a need for an additional 3,906 beds in the next 5 years, for a total need of 5,951 beds by 1997.

The Company does not believe nursing homes are effective competition for the Facilities because a nursing home is directed mainly at providing a residential environment to its patients while an ICF/MR is primarily a training facility. Most nursing homes do not have adequate space to meet licensure requirements and a certificate of need would be required for ICF/MR services.

Staffing

The Facilities employ approximately 172 full time equivalent employees. Of the total of 172 employees, approximately 23 full-time positions require special or advanced training. While normal vacancies occur as a part of operations, the Manager has not encountered significant difficulties in filling vacant positions. Approximately 125 employees of the Facilities belong to a collective bargaining group.

THE MANAGER

General

The Facilities will be operated and managed by Eidetik, Inc., a Kentucky corporation formed in 1990 (the "Manager"), pursuant to a Management Agreement effective as of December 20, 1991 between the Manager and the Company (the "Management Agreement").

Members of the Manager's management team have been involved with the institutional depopulation trend toward community-based delivery of services to the mentally retarded/developmentally disabled ("MR/DD") since 1978. The Manager provides state-of-the-art management services to ICF/MR facilities (including institutional facilities and community-based group names) within a cost effective framework.

The focus of the Manager is to foster, within those persons residing in its managed group homes, all possible behaviors that maximize the developmental capability while increasing coping skills, raising the complexity of behaviors within a culturally normative framework and allowing each person to reach his or her highest level of functioning.

Direct care services include the provision of twenty-four hour supervised residential, educational, developmental and vocational services to MR/DD residents. ICF/MRs managed by the Manager will accept men and women of all ages.

The Manager is led by a Board of Directors and President with primary and operational policy decisions concerning the group homes provided by William F. Beaven, Chairman of the Board of Directors, President and Chief Executive Officer of the Manager.

Key personnel within the Manager have developed, owned and/or managed 61 similar facilities for MR/DD residents, totaling approximately 1,000 licensed and certified beds in the States of Florida, Indiana, Kentucky, Louisiana and Mississippi. Under ownership and/or management agreements, key personnel of the Manager have supervised approximately 1,500 employees. All ICF/MR facilities have been fully licensed by all applicable state regulatory agencies and have been certified to participate in all appropriate state and federal reimbursement programs. In addition, those ICF/MR facilities that were previously managed by key personnel of the Manager located in Kentucky have been fully accredited with the Accreditation Council for Services for the Mentally Retarded and other Developmentally Disabled Persons ("AC MRDD").

In recent years, various states have implemented depopulation programs intended to permit MR/DD persons to live outside "traditional" institutions. The Medicaid (Disability) program was designed to assist in the development and growth of these programs. The Manager obtains licensure and certification for all group homes under the applicable state Medicaid program.

Members of the Manager's management team have created "DDMGR", a proprietary new generation, personal computer-based management software for the administration of residential care facilities for MR/DD residents. DDMGR is a facility data base management tool that combines ease-of-use, security and state-of-the-art performance. In addition, a financial reporting system has been designed by the Manager to address specific requirements as they relate to ICF/MR cost reporting and monthly financial statements. In order to accommodate the scattered site disposition of group home facilities, the Manager has developed a specialized staff training system.

Payment of Management Fees is subordinated to certain required deposits under the Indenture and to the payment of Operating Expenses. See the caption "THE INDENTURE--Funds and Accounts Created by the Indenture" herein. The Management Agreement is hereinafter described.

Officers of the Manager

William F. Beaven. Mr. Beaven is founder, Chairman of the Board of Directors, Chief Executive Officer and President of the Manager. Mr. Beaven obtained a Masters of Social Work degree from the University of Kentucky and a Bachelor of Science with a major in Social Work from Murray State University. His previous experience includes founder and President, Community Homes of Louisiana, Inc. from 1986 through 1990. In addition, Mr. Beaven was co-founder and Vice President of Operations of Normal Life, Inc., from 1983 to 1985 and President of that company from 1985 to 1986. Prior to the formation of Normal Life, Inc. he served as Vice President for Health Services, Res-Care, Inc. from 1981 to 1983. Community Homes of Louisiana, Inc., Normal Life, Inc. and Res-Care, Inc. each is a private owner or manager of ICF/MR facilities for MR/DD residents. Mr. Beaven served on the Board of the National Association of Private Residential facilities for the Mentally Retarded and has authored policy and procedure manuals specific to universal Medicaid requirements.

Frank H. Wight, III. Mr. Wight is Chief Financial Officer of the Manager. He obtained a Bachelor of Arts degree in accounting from Kentucky Wesleyan College and is a certified public accountant. Mr. Wight was employed as accountant/controller from 1987 through 1990 for Keeton Corrections, Inc. with responsibilities for eight private correctional centers located in the States of Alabama, Florida, Kentucky and Mississippi. Prior to joining Keeton Corrections, he was employed in various positions as controller, internal auditor and accountant for various Kentucky corporations and maintained a consulting practice for the development of accounting software and the delivery of accounting services. Mr. Wight is a member of the American Institute of Certified Public Accountants, the Kentucky Society of Certified Public Accountants and the International Association of Residential and Community Alternatives.

June A. Artis. Ms. Artis is Vice President of Operations of the Manager. She obtained a Masters of Social Service degree from Bryn Mawr College and a Bachelor of Science degree from Indiana University. Ms. Artis was employed in various management positions with Res-Care, Inc., from 1981 through 1990. Her positions included Vice President for Quality Assurance and Training, Regional Director, and Regional Vice President in the States of Florida, Indiana, Kentucky, and Louisiana. Prior to joining Res-Care, Inc., Ms. Artis was employed as consultant to various mental health centers and a faculty member and instructor at Indiana State University. Ms. Artis directed the certification of facilities in Kentucky by the AC MRDD.

Tony W. Steward. Mr. Steward is Secretary of the Board of Directors of the Manager. He obtained a Bachelor of Science degree from Murray State University with a major in accounting. Prior to joining the Manager, he was employed by Community Homes of Louisiana, Inc., a private owner and manager of ICF/MR facilities for MR/DD persons. Mr. Steward is experienced in state and federal reimbursement programs, financial reporting systems and the professional management of ICF/MR facilities.

Dr. Russell W. Sutton. Dr. Sutton is a Director of the Manager and services as a consultant providing computer support services in the areas of programming, design and implementation. Dr. Sutton was instrumental in the development and implementation of DDMGR. For the past 17 years, he has been a professor at Clemson University. His academic responsibilities include the design and

teaching of microcomputer courses in the Department of Agriculture and Applied Economics. Dr. Sutton is the author and co-author of over 200 publications and 15 public-use microcomputer programs. He has presented numerous professional papers on economics and microcomputers at international, national and regional meetings. Dr. Sutton holds Bachelor of Science and Master of Arts degrees and a Ph.D. degree from the University of Kentucky.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each 12-month period ending on August 31 the amounts payable by the Company for the payment of principal of, at maturity, and interest on the Bonds. Such payments will be made monthly to the Trustee, as Revenues are received, in amounts sufficient to make payments of principal annually on September 1 and payments of interest semiannually on March 1 and September 1.

Year Ending August 31	Series 1992A Bonds		Series 1992B Bonds		Series 1992C Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
1993	\$ 20,000	\$ 473,236	\$ 15,000	\$ 37,322	\$ -0-	\$ 19,792	\$ 565,349
1994	20,000	500,175	15,000	37,950	-0-	21,000	594,125
1995	20,000	498,225	20,000	36,300	-0-	21,000	595,525
1996	20,000	496,275	25,000	34,100	-0-	21,000	596,375
1997	25,000	494,325	25,000	31,350	-0-	21,000	596,675
1998	30,000	491,888	25,000	28,600	-0-	21,000	596,488
1999	30,000	488,963	35,000	25,850	-0-	21,000	600,813
2000	35,000	486,038	35,000	22,000	-0-	21,000	599,038
2001	35,000	482,625	40,000	18,150	-0-	21,000	596,775
2002	40,000	479,213	40,000	13,750	-0-	21,000	593,963
2003	40,000	475,313	50,000	9,350	-0-	21,000	595,663
2004	50,000	471,413	35,000	3,850	15,000	21,000	596,263
2005	50,000	466,538	60,000	24,200	60,000	19,500	596,038
2006	60,000	461,663			60,000	13,500	595,163
2007	60,000	455,813			75,000	7,500	598,313
2008	150,000	449,963					599,963
2009	160,000	435,338					595,338
2010	180,000	419,738					599,738
2011	195,000	402,188					597,188
2012	215,000	383,175					598,175
2013	235,000	362,213					597,213
2014	260,000	339,300					599,300
2015	285,000	313,950					598,950
2016	310,000	286,163					596,163
2017	345,000	255,938					600,938
2018	375,000	222,300					597,300
2019	410,000	185,738					595,738
2020	455,000	145,763					600,763
2021	495,000	101,400					596,400
2022	545,000	53,138					598,138
Total	<u>\$5,150,000</u>	<u>\$11,577,998</u>	<u>\$360,000</u>	<u>\$298,572</u>	<u>\$210,000</u>	<u>\$291,292</u>	<u>\$17,887,862</u>

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used herein and in the described documents:

"Acquisition and Construction Fund" means that Acquisition and Construction Fund created pursuant to the Indenture.

"Act" means the Florida Industrial Development Financing Act, being Section 159.25 et seq., Florida Statutes, as amended.

"Additional Bonds" means, collectively, the Additional Senior Bonds and the Additional Subordinate Bonds issued under the Indenture.

"Additional Senior Bonds" means the obligations of the Issuer secured by a first lien on the Revenues and issued under the Indenture.

"Additional Subordinate Bonds" means the obligations of the Issuer secured by a subordinate lien on the Revenues and issued under the Indenture.

"Agreement" means the Loan Agreement dated as of September 1, 1992, between the Issuer and the Company, as from time to time supplemented and amended.

"Authenticating Agent" means the authenticating agent, initially the Trustee, appointed by the Issuer and includes any successor authenticating agent appointed by the Issuer.

"Authorized Denomination" means (i) \$100,000 or any integral multiple of \$5,000 in excess thereof, (ii) when the aggregate principal amount of any Series of Bonds Outstanding is less than the Authorized Denomination therefor, the principal amount then Outstanding with respect to such Series or (iii) such other amount in integral multiples of \$5,000 as the Trustee determines necessary in order to accomplish a mandatory redemption.

"Average Annual Debt Service" means (i) for the Senior Bonds, as of any calculation date the amount obtained by computing the aggregate amount of annual debt service on the Senior Bonds for the then current and all succeeding Fiscal Years with respect to the Senior Bonds Outstanding at such calculation date and dividing that amount by the number of Fiscal Years to the last maturity of any Senior Bonds Outstanding at such calculation date and (ii) for the Bonds, as of any calculation date the amount obtained by computing the aggregate amount of annual debt service on the Bonds for the then current and all succeeding Fiscal Years with respect to the Bonds Outstanding at such calculation date and dividing that amount by the number of Fiscal Years to the last maturity of any Bonds Outstanding at such calculation date.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in matters pertaining to obligations issued by states and their political subdivisions.

"Bond Payment Date" means any Interest Payment Date and any other date on which the principal of, premium, if any, and interest on the Bonds is to be paid to the Owners thereof, whether upon redemption, at maturity or upon acceleration of maturity of the Bonds.

"Bond Placement Agreement" means the Bond Placement Agreement dated September , 1992, entered into between the Company, the Issuer and the Placement Agents.

"Bonds" means collectively, the Series 1992A Bonds, the Series 1992A Bonds and the Series 1992C Bonds, and any Additional Bonds issued under the Indenture.

"Business Day" means any day on which banks in the States of New York and Florida are not required or authorized by law to remain closed and on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code will be deemed to include the United States Treasury Regulations proposed (which, if adopted in their present form, would apply to the Bonds) or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof, and includes any successor provision to such provision of the Code.

"Company" means GF/Amelia Island Properties, Inc., a Florida not-for-profit corporation.

"Company Representative" means such authorized representative or representatives of the Company as may be designated from time to time pursuant to a written notice to the Trustee and the Issuer executed by the Company with a specimen signature.

"Consultant" means a person or entity, retained by the Company and not unacceptable to the Trustee with expertise in matters related to health care finance.

"Costs of Issuance" means all items of expense, directly or indirectly payable by or reimbursable to the Issuer and related to the authorization, sale and issuance of the Bonds, including, but not limited to, printing and publication costs, costs of preparation and reproduction of documents, filing fees, computation fees, initial fees and charges of the Trustee, Counsel fees and charges including, but not limited to, those of Bond Counsel, Counsel to the Issuer, Counsel to the Company, Counsel to the Manager, Counsel to the Placement Agents, Counsel to the Trustee, Blue Sky fees and expenses, fees and disbursements of consultants and professionals, costs of credit or Bond ratings, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, including CUSIP numbers, other costs incurred by the Issuer related to and in anticipation of the issuance of the Bonds, including the costs of federal or other immediately available funds, and any other cost, charge or fee in connection with the issuance of the Bonds.

"Cost of Issuance Fund" means the trust fund by that name created pursuant to the Indenture.

"Counsel" means a Person, or firm of Persons, authorized to practice law before the highest court of any state of the United States of America or the District of Columbia.

"Debt Service Fund" means the trust fund by that name created pursuant to the Indenture.

"Debt Service Reserve Fund" means the trust fund by that name created pursuant to the Indenture.

"Debt Service Reserve Requirement" means the lesser of (a) the Maximum Annual Debt Service on Outstanding Bonds, (b) 125% of the Average Annual Debt Service on Outstanding Bonds, or (c) \$515,000 or 10% of the proceeds of the Bonds.

"Depreciation Reserve Fund" means the Depreciation Reserve Fund created pursuant to the Indenture.

"Event of Default" means, with respect to the Indenture, any event or occurrence specified in the Indenture and as further described under the caption "THE INDENTURE--Defaults and Remedies" herein and, with respect to the Agreement, any event or occurrence specified in the Agreement and as further described under the caption "THE AGREEMENT" herein.

"Facilities" means, collectively, the existing intermediate care facility for the mentally retarded consisting of 70 resident beds located at 2700 Atlantic Boulevard, Fernandina Beach, Florida and the related day program services facility for the mentally retarded to be located in Nassau County, Florida (together with the real property on which they are located and any personal property of every name and nature now and from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Company or by anyone on his behalf, as more particularly described in Exhibits A and B attached to the Agreement).

"Federal Securities" means (a) direct noncallable obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America; of (b) trust receipts or certificates evidencing an interest in direct noncallable obligations of the United States of America if (i) a bank or trust company acts as custodian and holds the underlying obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly or indirectly and individually against the obligor of the underlying obligations; and (iii) the underlying obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; or (c) pre-refunded municipal obligations meeting these conditions: (i) the bonds are not to be callable prior to maturity or the trustee has been given irrevocable instructions concerning their calling and redemption; (ii) the bonds are secured by cash or Federal Securities, described in paragraphs (a) and (b) above, which may be applied only to interest, principal, and premium payments of such bonds; (iii) the principal and interest of the Federal Securities (plus any cash in the fund) are sufficient to meet the liabilities of the bonds; (iv) the Federal Securities serving as security for the bonds are held by an escrow agent or trustee; and (v) the Federal Securities are not available to satisfy any other claims, including those against the trustee or escrow agent then holding the Federal Securities.

"Fiscal Year" means that period adopted by the Company as its annual accounting period, initially July 1 through June 30.

"Generally Accepted Accounting Principles" means those accounting principles applicable in the preparation of financial statements of the Facilities, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

"ICF/MR" means an intermediate care facility for the mentally retarded.

"Indenture" means that certain Indenture of Trust by and between the Issuer and the Trustee dated as of September 1, 1992, as from time to time amended or supplemented.

"Interest Payment Date" means each March 1 and September 1, commencing March 1, 1992.

"Interest Period" means, initially, the period from the date of issuance of the Bonds through February 28, 1993, and thereafter the period from and including an Interest Payment Date to and including the day preceding the next succeeding Interest Payment Date.

"Issuer" means Nassau County, Florida, a political subdivision organized and existing under the laws of the State.

"Issuer Representative" means such authorized representative or representatives of the Issuer as may be designated from time to time pursuant to a written notice to the Trustee and the Company executed by the Issuer with a specimen signature.

"Management Fee" means the fee outstanding and due on or after September 1, 1992 to the current and/or previous manager of the Facilities pursuant to the contract in place from time to time between the Manager and the Company.

"Manager" means, initially, Eidetik, Inc., a Kentucky corporation, its successors and assigns, or any manager of the Facilities subsequently retained by the Company.

"Maximum Annual Debt Service" means (i) for the Senior Bonds, as of any date of calculation the highest principal and interest payment requirements with respect to all Senior Bonds for any succeeding Fiscal Year excluding the amount of interest on Senior Bonds payable in such period from the proceeds of such Senior Bonds deposited with a trustee for such purpose and excluding Senior Bonds for which the Company has caused to be escrowed cash or Federal Securities for repayment and (ii) for the Subordinate Bonds, as of the date of calculation the highest principal and interest payment requirements with respect to all Bonds payable in such period from the proceeds of such Bonds deposited with a trustee for such purpose and excluding Bonds for which the Company has caused to be escrowed cash or marketable securities for repayment. If any Bonds are subject to mandatory redemption prior to maturity, the term of the amortization of such Bonds will be determined by the related sinking fund schedule, and if any Bonds are subject to tender for Placement at the option of the Owner prior to maturity, the term of the amortization of such Bonds will be deemed to be remaining years to maturity assuming level debt service payments.

"Mortgage" means the Mortgage and Security Agreement dated as of September 1, 1992, made by the Company in favor of the Issuer, as from time to time supplemented or amended.

"Officer's Certificate" means a written certificate of the Company Representative.

"Operating and Maintenance Fund" means the trust fund by that name created pursuant to the Indenture.

"Operating and Maintenance Fund Requirement" means an amount equal to 1/6th of the total Operating Budget for the then current Fiscal Year. In calculating the amount on deposit in the Operating and Maintenance Fund for purposes of determining whether the Operating and Maintenance Fund Requirement has been met, the balance in the Operating and Maintenance Fund will be determined by

subtracting from the amount therein any funds transferred into the Operating and Maintenance Fund from the Revenue Fund pursuant to Section 4.05(b) of the Indenture (as described under the caption "THE INDENTURE--The Revenue Fund--FIRST (i)" herein) during the month of such calculation.

"Operating Budget" means the annual budget adopted by the Company concerning the operation of the Facilities for the succeeding Fiscal Year, as amended by the Company from time to time.

"Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and current repair of the Facilities, as calculated in accordance with Generally Accepted Accounting Principles, and includes, without limiting the generality of the foregoing, insurance premiums, any Rebate Amount, amounts payable by the Company under the Agreement or the Mortgage other than the principal of, premium, if any, and interest on the Bonds, administrative expenses of the Issuer relating solely to the Facilities, administrative expenses of the Company relating solely to the Facilities, labor, executive compensation, the cost of materials and supplies used for current operations, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with sound accounting practice. "Operating Expenses" will not include (i) the Management Fee, (ii) interest on the Bonds, (iii) any allowance for depreciation or replacements of capital assets of the Facilities or (iv) amortization of financing costs.

"Outstanding Bonds" or "Outstanding" means all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for the payment or redemption of which cash funds (or Federal Securities to the extent permitted in Section 11.01 of the Indenture) have been deposited with the Trustee; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee, and provided further that prior to such redemption or payment, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of replacement under Section 2.08 of the Indenture and transfer and exchange under Section 2.09 of the Indenture;

(iii) Bonds issued hereunder, to the extent that such Bonds are no longer deemed to be Outstanding under the provisions of the Indenture; and

(iv) Bonds in lieu of which other Bonds have been authenticated under Section 2.11 of the Indenture.

"Owner" or Registered Owner" means the person or persons in whose name or names a particular Bond is registered on the register maintained for that purpose pursuant to the Indenture.

"Paying Agent" means the paying agent, initially the Trustee, appointed by the Issuer pursuant to the Indenture, and any successor Paying Agent appointed under the Indenture.

"Permitted Encumbrances" means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid while subject to contestation; (b) utility, access

and other easements and rights of way, restrictions and exceptions which do not, in the opinion of counsel to the Company not unacceptable to the Trustee, interfere with or impair operation of the Facilities; (c) any financing statements filed to perfect security interests with respect to this Indenture; (d) the Mortgage; and (e) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Facilities and as do not, in the opinion of counsel to the Company not unacceptable to the Trustee, materially impair title to the Facilities.

"Permitted Investments" means (a) Federal Securities; (b) interest-bearing deposit accounts (which may be represented by certificates of deposit, time deposit open account agreements or other deposit instruments) in national or state banks (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000 and whose deposits are insured by the Federal Deposit Insurance Corporation; (c) bankers' acceptances drawn on and accepted by commercial banks (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000; (d) obligations of any agency or instrumentality of the United States of America; (e) bonds, notes or commercial paper (of entities other than the Company and related entities) rated in either of the two highest rating categories by Moody's Investors Service or Standard & Poor's Corporation; (f) replacement agreements with banking or financial institutions (including the Trustee and any affiliate of the Trustee) having a combined capital and surplus of not less than \$100,000,000, with respect to and fully secured by obligations described in (a) or (d) above; (g) money market mutual funds which invest solely in Federal Securities; (h) obligations the interest on which is excludable from gross income for federal income tax purposes, rated "A" or higher by Moody's Investors Service or "A" or higher by Standard & Poor's Corporation; and (i) certificates of deposit fully insured by the Federal Deposit Insurance Corporation.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Placement Agents" means, collectively, PHN Capital Funding Inc. and Gardnyr Michael Capital, Inc.

"Principal Office of the Trustee" means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered.

"Property", when used in connection with a particular Person or group of Persons means any and all rights, titles and interests of such Person or group of Persons in and to any and all property whether real or personal, tangible or intangible, and wherever situated.

"Rebate Amount" means the amount required to be rebated to the United States pursuant to Section 148 of the Code.

"Rebate Analyst" means a certified public accountant, financial analyst or Bond Counsel, or any firm that may employ any of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Company to make the computations and give the directions required under the Indenture.

"Rebate Fund" means the trust fund by that name created pursuant to the Indenture.

"Record Date" means the fifteenth day preceding any Interest Payment Date.

"Registered Owner" or "Owner" or "Owners" means the person or persons in whose name or names a particular Bond is registered on the register maintained for that purpose pursuant to the Indenture.

"Registrar" means the registrar, initially the Trustee, appointed by the Issuer pursuant to the Indenture, and any successor registrar appointed under the Indenture.

"Revenue Fund" means the trust fund by that name created pursuant to the Indenture.

"Revenues" means all rates, fees, receipts, rentals or other charges or other income, other than gifts, grants or bequests restricted by the terms thereof, received by the Company in connection with the management and operation of the Facilities, and all parts thereof, including amounts received from the investment or deposit of moneys in any fund created under the Indenture other than the Rebate Fund and any amounts contributed by the Company, all as calculated in accordance with generally accepted accounting principles, and net proceeds of insurance or condemnation awards required to be transferred to the Trustee under the Agreement. "Revenues" do not include any amounts collected by the Company representing State sales taxes or State user fees which may be required by law or agreement to be paid to the State.

"Senior Bonds" means the Series 1992A Bonds.

"Series" means the Series 1992A Bonds, the Series 1992B Bonds or the Series 1992C Bonds.

"Series 1992A Bonds" means the \$5,150,000 aggregate principal amount of the Issuer's ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992A.

"Series 1992B Bonds" means the \$360,000 aggregate principal amount of the Issuer's Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992B.

"Series 1992C Bonds" means the \$210,000 aggregate principal amount of the Issuer's ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project), Series 1992C.

"State" means the State of Florida.

"Subordinate Bonds" means, collectively, the Series 1992B Bonds and the Series 1992C Bonds.

"Supplemental Indenture" means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Indenture for the purpose of amending or supplementing the terms thereof.

"Tax Year" means the one-year period commencing with the date of original issuance of the Bonds and ending on the day immediately preceding the first anniversary date thereof and each one year period thereafter.

"Tax-Exempt Bonds" means those Bonds the interest on which is excludable from gross income for federal income tax purposes.

"Taxable Bonds" means those Bonds the interest on which is not excludable from gross income for federal income tax purposes.

"Trust Estate" means (i) all right, title and interest of the Issuer in and to the Agreement and the Mortgage, and (ii) all Trust Moneys other than those in the Rebate Fund.

"Trust Moneys" means all moneys received by the Trustee:

(a) as provided in the Indenture to be held and applied thereunder, or required to be paid to the Trustee and the disposition of which is not otherwise specifically provided for in the Indenture, including but not limited to the investment income on all Funds and Accounts held by the Trustee under the Indenture, other than the Rebate Fund;

(b) as proceeds from the sale of the Bonds, including, but not limited to, moneys or Federal Securities received by the Trustee; and

(c) as Revenues (except as to moneys payable for Trustee's and Paying Agent's fees or similar charges) payable under the Agreement.

"Trustee" means NationsBank of Georgia, N.A., as trustee under the Indenture, and any successor in trust appointed pursuant to the Indenture.

"Written Request," with reference to the Issuer, means a request in writing signed by an Issuer Representative and, with reference to the Company, means a request in writing signed by a Company Representative.

THE INDENTURE

In addition to the information set forth under the captions "SECURITY FOR THE BONDS" and "DESCRIPTION OF THE BONDS" herein, the following is a summary of certain provisions of the Indenture, to which reference is made for a complete recital of its terms.

Assignment and Pledge

As security for the payment of the Bonds, the Indenture assigns to the Trustee:

(a) all right, title and interest of the Issuer in, to and under the Agreement and the Mortgage (except certain rights of the Issuer to indemnification and payment of expenses and information on the Facilities), including without limitation all Revenues, income, revenues and receipts, fees, proceeds and payments received or receivable by the Issuer under and pursuant to the Agreement and the present and continuing right to make claim for, collect, receive and receipt for any of the rents, revenues and receipts and other sums of money payable or receivable thereunder, whether payable as rents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Agreement, provided that the assignment does not impair or diminish any obligation of the Issuer under the provisions of the Agreement; and

(b) all revenues and all moneys and securities from time to time held by the Trustee under the terms of the Indenture (except those held in the Rebate Fund) and the Agreement and any and all other property of every type and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security

under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee subject only to Permitted Encumbrances.

Funds and Accounts Created by the Indenture

The Indenture creates the following funds and accounts:

- (a) Acquisition and Construction Fund;
- (b) Cost of Issuance Fund, and within the Cost of Issuance Fund, a Tax-Exempt Account and a Taxable Account;
- (c) Revenue Fund;
- (d) Operating and Maintenance Fund;
- (e) Debt Service Fund and within the Debt Service Fund, a Priority Account and a Subordinate Account;
- (f) Debt Service Reserve Fund;
- (g) Rebate Fund; and
- (h) Depreciation Reserve Fund.

All of the foregoing funds will be held by the Trustee.

Revenue Fund

The Trustee will cause the cash portion of all Revenues required to be paid by the Company or paid on the Company's behalf pursuant to the Agreement to be deposited in the Revenue Fund. There will also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Indenture or any Supplemental Indenture and any other amounts available therefor and designated by the Company to be deposited therein.

The Trustee will cause disbursements to be made from the Revenue Fund in the following order of priority:

FIRST: As the cash portion of Revenues is received in each month, to the Operating and Maintenance Fund (i) an amount such that the aggregate amount deposited therein each month equals 1/12th of the Operating Expenses shown in the Operating Budget for the current Fiscal Year plus (ii) all amounts due under (i) in preceding months that were not transferred because of an insufficiency in the Revenues therefor;

SECOND: Beginning on the last Business Day of each Tax Year and until the full amount is so paid, to the Rebate Fund, any amount as calculated by the Rebate Analyst required to be deposited into the Rebate Fund or the Rebate Principal Account in the Rebate Fund;

THIRD: On or before October 20, 1992 and on or before the 20th day of each month thereafter through and including February 20, 1993, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/5th of the interest due on the Senior Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/5th of the interest due on the Senior Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund;

FOURTH: On or before October 20, 1992 and on or before the 20th day of each month thereafter through and including August 20, 1993, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/11th of the principal coming due on the Senior Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Priority Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/11th of the principal coming due on the Senior Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Senior Bonds on the 20th day of any preceding month which have not otherwise been credited to the Priority Account of the Debt Service Fund;

FIFTH: On or before the 20th day of each month, to the Debt Service Reserve Fund, an amount equal to the aggregate sum of all unreplenished withdrawals from the Debt Service Reserve Fund to pay the principal of or interest on the Bonds;

SIXTH: On or before the 20th day of each month, to the Depreciation Reserve Fund, an amount equal to (i) the aggregate sum of all unreimbursed transfers from the Depreciation Reserve Fund to the Operating and Maintenance Fund plus (ii) the sum of accumulated depreciation on the Facilities, as certified to the Trustee by the Company on the date hereof and as may be recertified from time to time, which has not previously been deposited into the Depreciation Reserve Fund plus (iii) 1/12th of the Operating Budget for the then current Fiscal Year less (iv) cumulative "cross-over" adjustments" to date (as certified to the Trustee by the Company). "Cross-over adjustments" begin at the "cross-over year," as such year is certified to the Trustee by the Company in writing and are determined for such year and each succeeding year. The "cross-over year" is the year on which the annual principal payment on the Bonds paid in such year exceeds the annual depreciation expense of the Facilities accrued in such year as shown on the Company's audited financial statements. The annual cross-over adjustment for each year is calculated as the amount, if any, by which the annual principal payment on the Bonds paid in such year exceeds the annual depreciation expense of the Facilities accrued in such year as shown on the Company's audited financial statements;

SEVENTH: On or before the 20th day of each month, to the Manager, an amount sufficient to discharge the obligations of the Company as to payment of the Management Fee owing in that month and repayment of cash advances made by the Manager in the current Fiscal Year;

EIGHTH: On or before the 20th day of each month, to the Company, (i) an amount initially equal to \$2,500 (initially, a total of \$30,000 per annum) which amount will be adjusted upward annually on each September 1, beginning September 1, 1993, in step with inflation as measured by the "Consumer Price Index" announced from time to time by the United States Department of Labor and as calculated by the Company and certified to the Trustee by the Company, or such other substitute index agreed upon by the Company and the Trustee plus (ii) all amounts due under (i) in preceding months that were not transferred because of an insufficiency in the Revenues thereof;

NINTH: On or before November 20, 1992 and on or before the 20th day of each month thereafter through and including February 20, 1993, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/4th of the interest due on the Subordinate Bonds to the next Interest Payment Date and (ii) all amounts due as to the interest on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration transfers from the Acquisition and Construction Fund for capitalized interest, if any, and earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/4th of the interest due on the Subordinate Bonds on the next Interest Payment Date and (ii) all amounts due as to interest on the Subordinate Bonds on the 20th of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund;

TENTH: On or before November 20, 1992 and on or before the 20th day of each month thereafter through and including August 20, 1993, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/10th of the principal coming due on the Subordinate Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund; and thereafter, on the 20th day of each month, for deposit in the Subordinate Account of the Debt Service Fund, an amount (after taking into consideration earnings on amounts then on deposit in the Debt Service Fund), equal to (i) 1/10th of the principal coming due on the Subordinate Bonds on the next succeeding Bond Payment Date, except as such fraction may be modified by a Supplemental Indenture and (ii) all amounts due as to principal on the Subordinate Bonds on the 20th day of any preceding month which have not otherwise been credited to the Subordinate Account of the Debt Service Fund.

ELEVENTH: On or before the 20th day of each month, to the Manager to discharge the obligations of the Company as to payment of any Management Fee due under SEVENTH above which remain unpaid because of an insufficiency in the Revenues available therefor and repayment of cash advances made by the Manager from preceding Fiscal Years; and

TWELFTH: On or before the 20th day of each month, to the Depreciation Reserve Fund, any amount remaining in the Revenue Fund after the transfers described in FIRST through TWELFTH above.

Debt Service Fund

There will be deposited in the Priority Account and the Subordinate Account of the Debt Service Fund any amounts required to be deposited therein pursuant to the Indenture and any other amount available therefor and designated by the Company to be deposited in either Account.

The Trustee will disburse amounts deposited in the Debt Service Fund as follows:

(a) On each Interest Payment Date, to the Owners of the Senior Bonds from the Priority Account, an amount equal to interest due on the Senior Bonds on such date.

(b) Subject to the provisions of the Indenture requiring the application thereof to the payment or redemption of any particular Bond, on each Bond Payment Date, to the Owners of the Senior Bonds from the Priority Account, the amounts required for the payment of the principal coming due on the Senior Bonds on such date.

(c) On each date on which Senior Bonds are to be redeemed, to the Owners of the Senior Bonds from the Priority Account, the amount required for redemption of Senior Bonds called for redemption.

(d) On each Interest Payment Date, to the Owners of the Subordinate Bonds from the Subordinate Account, an amount equal to interest due on the Subordinate Bonds on such date.

(e) Subject to the provisions hereof requiring the application thereof to the payment or redemption of any particular Subordinate Bond, on each Bond Payment Date, to the Owners of the Subordinate Bonds from the Subordinate Account, the amounts required for the payment of the principal coming due on the Subordinate Bonds on such date.

(f) On each date on which Subordinate Bonds are to be redeemed, to the Owners of the Subordinate Bonds from the Subordinate Account, the amount required for redemption of Subordinate Bonds called for redemption.

Except as otherwise specifically provided in the Indenture, the Trustee has no obligation to Placement or attempt to Placement Bonds at a price below the redemption price, principal amount or at any other price, and any arms length Placement by the Trustee, effected with the prior written consent of the Company, will conclusively be deemed fair and reasonable.

In the event that on any Interest Payment Date or Bond Payment Date there is a deficiency in the Priority Account of the Debt Service Fund, the amount of such deficiency will be made up from the following Funds and in the order of priority set forth below:

(a) Debt Service Reserve Fund;

(b) Depreciation Reserve Fund;

- (c) Operating and Maintenance Fund; and
- (d) Revenue Fund.

Deficiencies in the Subordinate Account of the Debt Service Fund will be made up solely from the Depreciation Reserve Fund and only after any deficiency in the Priority Account of the Debt Service Fund and the Debt Service Reserve Fund has been eliminated.

Operating and Maintenance Fund

There will be deposited in the Operating and Maintenance Fund all amounts required to be deposited therein pursuant to the Indenture and any other amounts available therefor and designated by the Company to be deposited therein.

Amounts in the Operating and Maintenance Fund will be (a) applied to the payment of Operating Expenses, as from time to time requested by the Company, consistent with the Operating Budget, and (b) transferred to the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities described above. In no event will the aggregate disbursements from the Operating and Maintenance Fund in each Fiscal Year, excluding any amounts transferred to the Debt Service Fund as described above, exceed the amount provided therefor in the Operating Budget.

In the event that a payment from the Operating and Maintenance Fund to the Debt Service Fund is required in accordance with the priorities set forth above, the amount of such payment will be added to the amount otherwise required to be transferred to the Operating and Maintenance Fund from the Revenue Fund, as described above.

Debt Service Reserve Fund

The Trustee will deposit in the Debt Service Reserve Fund the amount described under the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein and all amounts required to be deposited therein pursuant to the Indenture, any other amount available therefor and designated by the Company to be deposited therein and any other amounts deposited with the Trustee for deposit in the Debt Service Reserve Fund.

Trust Moneys deposited in the Debt Service Reserve Fund will be used and withdrawn by the Trustee for the purpose of paying the last maturing principal of and the interest on the Senior Bonds, whether at the stated payment date or by redemption of Senior Bonds; provided, however, that whenever and to the extent that moneys in the Priority Account of the Debt Service Fund are insufficient for the purpose of paying principal of and interest on the Senior Bonds, whether or not at the redemption date therefor, moneys on deposit in the Debt Service Reserve Fund will be withdrawn by the Trustee and used for such purposes in accordance with the order of priorities described above. The Trustee will notify the Company upon withdrawal of amounts on deposit in the Debt Service Reserve Fund. If at any time the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, such excess will be transferred to the Revenue Fund. The Debt Service Reserve Fund is not available to pay the principal of, premium (if any) or interest on the Subordinate Bonds.

Depreciation Reserve Fund

The Trustee shall deposit in the Depreciation Reserve Fund all amounts required to be deposited therein pursuant to the Indenture and any other amount available therefor and designated by the Company to be deposited therein.

Amounts in the Depreciation Reserve Fund will be applied for the following purposes:

(a) payment of the cost of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the Facilities, or paying any extraordinary maintenance and repair, or any expenses which are not Operating Expenses or Management Fees;

(b) payment of the cost of any depreciable asset;

(c) repayment of debt incurred in connection with capital improvements to the Facilities or any portions thereof;

(d) payment into the Priority Account of the Debt Service Fund to make up any deficiency therein in accordance with the order of priorities established in the Indenture;

(e) payment of Operating Expenses to the extent of any deficiency in the Operating and Maintenance Fund; and

(f) payment into the Rebate Fund as described under "--The Rebate Fund" herein.

The Trustee will make disbursements from the Depreciation Reserve Fund for the purposes set forth above by the filing from time to time of requisitions signed by a Company Representative. Each requisition will set forth the purpose for which the disbursement is to be made and will state that the work has been performed or that materials, supplies or equipment have been delivered, installed or fabricated or that the payment of principal of or interest on a loan is due, as appropriate.

Rebate Fund

Amounts on deposit in the Rebate Fund will be held by the Trustee, but are not subject to the pledge of the Indenture.

Not later than 60 days after the end of the fifth Tax Year and every fifth Tax Year thereafter, the Trustee will, at the written direction of the Company, pay to the United States at least 90% of the amount specified in writing by the Rebate Analyst as required to be on deposit in the Rebate Fund as of such payment date. Not later than 60 days after the final retirement of the Bonds, the Trustee will pay to the United States 100% of the balance remaining in the Rebate Fund.

Acquisition and Construction Fund

Moneys in the Acquisition and Construction Fund as shown under the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein will be used to pay the costs of acquiring, constructing, equipping and furnishing the Facilities.

Amounts in the Acquisition and Construction Fund will be applied for the following purposes:

(a) obligations incurred by the Company for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Facilities, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures, and the clearing of lands;

(b) the cost of acquiring by Placement, if deemed expedient, such stock, lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Company Representative, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the construction of the Facilities;

(c) the reasonable fees and expenses of the Trustee for its services prior to and during construction, and premiums on insurance, if any, in connection with the Facilities;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Facilities and fees and expenses of engineers, architects and consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth in the Indenture in relation to the acquisition and construction of the Facilities and the issuance of the Bonds therefor;

(e) legal expenses and fees, financing charges, expenses of recordation of legal instruments, cost of preparation of any feasibility study or report, cost of audits and of preparing and issuing the Bonds, and all other items of expense not elsewhere in the Indenture specified incident to the acquisition, construction and equipping of the Facilities and the financing thereof, including, without limitation, moving expenses and the acquisition of lands, property, rights, rights of way, easements, franchises and interest in or relating to lands, including title insurance, cost of acquisition, and expenses of administration, all properly chargeable, in the opinion of the Company Representative, to the acquisition, construction and equipping of the Facilities; and

(f) any obligation or expense heretofore or hereafter incurred or paid by the Issuer, the Company for any of the foregoing purposes.

The Company will authorize disbursements to be made from the Acquisition and Construction Fund for the purposes described above by the filing, from time to time until the acquisition and improvement of the Facilities has been completed, of requisitions signed by a Company Representative. Each requisition must set forth the purpose for which the disbursement is to be made and must state that the work has been performed or that materials, supplies or equipment have been delivered, installed or fabricated. When the acquisition and improvement of the Facilities are completed as evidenced by an Officer's Certificate of the Company, the balance remaining in the Acquisition and Construction Fund will be transferred by the Trustee to the Priority Account of the Debt Service Fund.

Cost of Issuance Fund

Moneys in the Tax-Exempt Account of the Cost of Issuance Fund as shown under the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein will be used to pay the costs of issuing the Senior Bonds. Moneys in the Taxable Account of the Cost of Issuance Fund as shown under the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein will be used to pay the Subordinate Bonds and then the costs of issuing the Subordinate Bonds and then the Senior Bonds. Such costs include all printing expenses in connection with the Indenture, the Agreement, this Limited Offering Statement for the Bonds, and the Bonds, blue sky fees and expenses, legal fees and expenses of Counsel to the Issuer, Bond Counsel, Counsel to the Company, Counsel to the Manager, other Counsel, Counsel to the Placement or Purchasers of the Bonds, any accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds, the Trustee's initial fee and expenses (including attorneys' fees), and state license fees, upon the submission of requisitions by the Company signed by a Company Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Bonds. Any funds remaining in either Account of the Cost of Issuance Fund six months after having been deposited therein shall be transferred to the Debt Service Fund.

Repayment to Company

Any amounts remaining in any Fund or Account established under the Indenture, other than the Rebate Fund, after payment in full of the principal of, premium, if any, and interest on the Bonds (or provision for payment thereof as provided in the Indenture), the fees, charges and expenses of the Trustee and all other amounts required to be paid pursuant to the Indenture, will be promptly paid to the Company, as a refund of excess Revenues.

Investments

The Trustee will invest to the extent reasonably possible all Trust Moneys on hand from time to time, as specified in a Written Request of the Company, in Permitted Investments. Such investments must be made so as to mature or be subject to redemption at the option of the Company on or prior to the date or dates that the Company or the Trustee anticipates that moneys therefrom will be required. The Trustee may trade with itself or its affiliates in the Placement and sale of such investments, and the Trustee will not be liable or responsible for any loss resulting from any such investment. Such investments will be registered in the name of the Trustee. The Trustee may invest in investments through its own bond department, and Trust Moneys may be deposited in time deposits, or in certificates of deposit issued by the Trustee or its affiliates. Each investment will be credited to the fund in which it is held, subject to any other provision of the Indenture directing some other credit, but income on such Permitted Investments will be held or transferred, as received, in accordance with the Indenture.

The Trustee will, without further direction from the Issuer or the Company, sell or present for redemption such investments as and when required to make any payment required under the Indenture, and the Trustee will not be liable or responsible for any loss resulting from such sale. Any loss on investments in any Fund or Account under the Indenture will be charged to the Fund or Account in which such investment was held. To the extent any loss on investments in any Fund or Account reduces the amount of Trust Moneys or the value of investments in such Fund or Account below the amount of Trust Moneys or the value of investments then required to be on hand in such Fund or Account pursuant to the Agreement or the Indenture, such loss is to be made up by the Company in the manner set forth in the

Agreement. Any moneys paid to the Trustee by the Company for such purpose will be deposited in the Fund or Account with respect to which, and to the extent that, such loss was incurred. To the extent any gain on investments in any Fund or Account increases the amount of Trust Moneys or the value of investments in such Fund or Account above the amount of Trust Moneys or the value of investments then required to be on hand in such Fund or Account pursuant to the Agreement or the Indenture, the Trustee will reduce the amount of obligations in such Fund or Account by the excess therein or restrict the yield on the excess amount in accordance with the Code.

See the caption "DEFINITIONS OF CERTAIN TERMS" herein for the list of Permitted Investments.

Covenants of the Issuer and the Trustee

Payment of Bonds. The Issuer and the Trustee covenant that they will promptly pay the principal of, premium, if any, and interest on every Bond issued under the provisions of the Indenture at the place, on the dates and in the manner provided in the Indenture and in the Bonds, according to the true intent and meaning thereof; provided, however, that the performance of the obligations and any liability imposed by the Indenture will be limited solely to the Trust Moneys, including Revenues, and other revenues and receipts derived from the Agreement, and the Issuer and the Trustee will not be responsible for any obligation or liability under the Indenture except to the extent of the Trust Moneys and such revenues and receipts.

Sufficiency of Revenues. The Issuer covenants that while any Bonds are Outstanding under the Indenture, the Agreement will provide for payment of Revenues by the Company which, if made, will be sufficient to make all payments which the Trustee is obligated to set aside in the various Funds and Accounts established under the Indenture.

Monthly and Annual Statements of Transactions. Each month the Trustee will prepare a statement for such month of all transactions relating to the Trust Moneys and the application and allocation of the Revenues, and the Trustee will furnish to each Owner of any of the Bonds who may so request, to the Company and to the Issuer a copy of such statement and, if requested in writing by the Owners of not less than 25% of the Outstanding Senior Bonds or the Outstanding Subordinate Bonds, the Trustee will also furnish to such Owners and the Issuer at the end of any Fiscal Year a complete financial statement covering such transactions involving Trust Moneys, certified as of the end of the Fiscal Year by a responsible officer of the Trustee. The Trustee will at all times during ordinary business hours have access to the books and records of the Issuer insofar as such books and records relate to the Facilities. The records of the Trustee pertaining to the Indenture will be available to and open for inspection by any Owner at all times during ordinary business hours, and the Issuer covenants that it will promptly furnish the Trustee such additional information as is deemed necessary by the Trustee to carry out the provisions of the Indenture and the trust created thereby.

Assignment of Revenues and Creation of Other Liens. The Issuer covenants and agrees that it will not assign, transfer or hypothecate (other than to the Trustee) any Revenues then due or to accrue in the future under the Agreement. The Issuer further covenants and agrees that it will not create or consent to the creation or existence of any lien upon the Trust Moneys other than as permitted by the Indenture.

Execution of Additional Documents. The Issuer will, at the expense of the Company, but without expense to the Trustee or the Owners of the Bonds, do, execute, acknowledge and deliver or

cause to be done, acknowledged and delivered all such further acts, conveyances, assignments, transfers and assurances as the Trustee may require, for the better assuring, conveying, assigning and confirming unto the Trustee all and singular the Trust Moneys conveyed or assigned under the Indenture, or which the Issuer may be or may hereafter become bound to convey or assign to the Trustee, or for carrying out the intention or facilitating the performance of the terms of the Indenture or the Agreement.

Maintenance of Tax Exemption. The Issuer, as to matters under its control, and the Trustee each covenant and agree for the benefit of the Owners of the Tax-Exempt Bonds that neither will permit any thing or act to be done in such manner as would result in loss of exclusion of interest on the Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes, nor will either use any of the proceeds received from the sale of the Bonds or any moneys deemed to be proceeds of the Bonds, directly or indirectly, in any manner which would result in the Tax-Exempt Bonds being classified as "arbitrage bonds" within the meaning of Section 148(c)(2) of the Code and the regulations thereunder. In addition, the Issuer covenants that (a) it will not enter into any management contract or approve any management contract submitted by the Company other than the management contract executed at the closing in connection with the issuance of the Bonds, with respect to the Facilities unless it obtains an opinion of Bond Counsel that such management contract will not impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds and (b) not more than 2% of the proceeds of the Tax-Exempt Bonds will be used for Costs of Issuance relating to the Tax-Exempt Bonds.

Defaults and Remedies

Events of Default. The term "Event of Default" is defined by the Indenture to include any one of the following events:

- (a) Default in the payment of any interest upon any Senior Bond when it becomes due and payable;
- (b) Default in the payment of the principal of or premium, if any, on any Senior Bond when the same becomes due and payable;
- (c) Default in the performance, or breach, of any covenant or warranty or representation of the Issuer contained in the Indenture (other than a covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with) for a period of 30 days after the date on which written notice of such failure, requiring same to be remedied, has been given to the Issuer and the Company by the Trustee, or to the Issuer, the Company and the Trustee by the Owners of at least 25% in aggregate principal amount of Senior Bonds Outstanding, or in the case of any such default which can be cured by the Company but cannot reasonably be cured within such 30-day period, if corrective action is initiated by the Company within such 30-day period and diligently pursued until the default is corrected;
- (d) If there are no Senior Bonds Outstanding, default in the payment of any interest on any Subordinate Bond when it becomes due and payable;
- (e) If there are no Senior Bonds Outstanding, default in the payment of the principal of or premium, if any, on any Subordinate Bond when the same becomes due and payable; or
- (f) The occurrence and continuation of an "Event of Default" as defined in the Agreement;

provided, however, that no default (other than (i) a default described in subparagraphs (a) or (b) above, (ii) failure to make due and punctual payments of Revenues as required by the Agreement or (iii) loss of tax-exempt status of interest on the Tax-Exempt Bonds as a result of a violation or breach by the Company of any covenant in the Agreement) will constitute an Event of Default until actual notice of such default by registered or certified mail is given by the Trustee or by the Owners of not less than 25% of the aggregate principal amount of the Senior Bonds then Outstanding to the Company and the Issuer or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds, and the Company and the Issuer have 30 days after the receipt of such notice to correct the default or cause the default to be corrected, and do not correct the default or cause the default to be corrected within the applicable period; provided, however, if the default is such that it cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Company or demanded by the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected.

Right to Cure. If the Issuer shall, for whatever reason, at any time fail to perform any act or pay any amount which it is obligated to perform or pay and, as a result, an Event of Default occurs or is threatened, the Company shall have the right to perform such act or pay such amount on behalf of the Issuer and thereby prevent or cure the Event of Default.

Remedies of Owners

Acceleration of Maturity. If an Event of Default occurs and is continuing, then and in every such case the Trustee may, and upon the written request to the Trustee by the Owner or Owners of not less than a majority in aggregate principal amount of the Senior Bonds then Outstanding must, declare the principal of all the Senior Bonds and the interest accrued thereon to be due and payable immediately or, if no Senior Bonds are Outstanding, declare the principal of all the Outstanding Subordinate Bonds and interest accrued thereon to be due and payable immediately; provided, however, that no Bonds will be accelerated unless and until the Trustee has exercised the remedy specified in the Agreement (acceleration of amounts due thereunder) and provided further that no Senior Bonds shall be accelerated because of an Event of Default with respect to the Subordinate Bonds.

At any time after such a declaration of acceleration has been made, but before the Trustee has exercised any other remedy specified herein or in the Agreement, the Trustee, by written notice to the Issuer and the Company, will rescind and annul such declaration and its consequences if:

- (a) there is paid to or deposited with the Trustee by or for the account of the Issuer, or provision satisfactory to the Trustee is made for the payment of, a sum sufficient to pay:
 - (i) all overdue installments of interest on all Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds;
 - (ii) the principal of and premium, if any on any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate of interest borne by the respective Senior Bonds or Subordinate Bonds;
 - (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate of interest borne by the respective Senior Bonds or Subordinate Bonds; and

(iv) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel up to the date of the written notice; and

(b) all Events of Default, other than the nonpayment of the principal of and interest on Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds which principal and interest have become due solely by such acceleration, are cured, or, as to an Event of Default under the Agreement, waived as provided in the Indenture.

No such rescission and amendment will affect any subsequent default or impair any right consequent thereon.

Additional Remedies. The Trustee, in case of the happening of an Event of Default, may, and upon the written request of the Owners of not less than a majority in principal amount of the Senior Bonds then Outstanding or if no Senior Bonds are Outstanding Subordinate Bonds, and upon being indemnified to its satisfaction, must (a) exercise any or all rights of the Issuer under the Agreement, and (b) proceed to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained therein or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee may deem most effectual to protect and enforce any of the rights or interests of the Owners of the Bonds under the Bonds or the Indenture.

Pursuant to the Indenture, the Trustee is appointed, and the successive respective Owners of the Bonds, by taking and holding the same, are conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or on behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of the Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Issuer, the Company or any other obligor allowed in a receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Company or any other obligor, as the case may be, are a party. The Trustee will have full power of substitution and delegation in respect of any such powers.

All rights of action and claims under the Indenture, the Bonds or the Agreement may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee will be brought in its name as trustee of an express trust, and any recovery of judgment will, after provision for payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of Owners of the Bonds in respect of which such judgment has been recovered.

Waiver of Rights Upon Foreclosure of Indenture. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer, nor anyone claiming through or under it, may set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of the Indenture, and the Issuer, for itself and all who may claim through or under it, waives under the Indenture, to the extent that it lawfully may do so, the benefit of all such

laws and all rights of appraisal and redemption to which it may be entitled under the laws of the State.

Limitation on Suits. No Owner of any Bonds has any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Agreement, or for the appointment of a trustee, or for any remedy under the Indenture or the Agreement, unless:

(a) such Owner previously has given written notice to the Trustee of a continuing Event of Default;

(b) the Owner or Owners of not less than twenty-five percent (25%) in principal amount of Senior Bonds or Subordinate Bonds, as the case may be, then Outstanding make written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee;

(c) such Owner or Owners offer the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such written request and offer of indemnity, fails to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owner or Owners of a majority in principal amount of Senior Bonds then Outstanding or, if no Senior Bonds are Outstanding, Outstanding Subordinate Bonds;

provided, however, that no one or more Owners of Bonds has any right, in any manner whatever, by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owners of Bonds or to obtain priority or preference over any other Owners of Bonds or to enforce any right under the Indenture or the Agreement, except in the manner provided in the Indenture and for the equal and ratable benefit of all the Owners of Senior Bonds or Subordinate Bonds, respectively, then Outstanding.

Control by Owners. The Owners of a majority in principal amount of Senior Bonds at the time Outstanding or, if no Senior Bonds are Outstanding, the Owners of a majority in principal amount of Subordinate Bonds Outstanding, have the right, during the continuance of an Event of Default:

(a) to require the Trustee to proceed to enforce the Indenture or the Agreement, either by judicial proceedings for the enforcement of the payment of the Senior Bonds or Subordinate Bonds, respectively, or the enforcement of any other remedy; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee or under the Indenture or the Agreement; provided that

(i) such direction may not be in conflict with any rule or law or with the Indenture,

(ii) the Trustee does not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction, and

(iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

If the Trustee or any Owner has instituted any proceeding to enforce any right or remedy under the Indenture or the Agreement, by foreclosure, entry or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner, then and in every such case the Issuer, the Company, the Trustee and the Owners will, subject to any determination in such proceeding, be restored to their former positions under the Indenture, and thereafter all rights and remedies of the Trustee and the Owners will continue as though no such proceeding had been instituted.

Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to the Trustee or to the Owners under the Indenture is intended to be exclusive or any other right or remedy, but every such right or remedy is, to the extent permitted by law, cumulative and in addition to every other right and remedy given under the Indenture or the Agreement, or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, under the Agreement or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such default or any acquiescence therein. Every right and remedy given by the Indenture, by the Agreement or by law to the Trustee or to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Waiver of Defaults Under Agreement. An Event of Default described in subparagraph (d) under the caption "--Events of Default" above will be automatically waived, rescinded and annulled if the corresponding "Event of Default" under the Agreement is waived, rescinded and annulled pursuant to, and in accordance with, the provisions of the Agreement.

Payment of Trustee's Compensation

The Trustee is entitled to payment of its reasonable fees and expenses, and may charge the Company directly for those charges. The Company also covenants, pursuant to the Agreement, to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of the trust imposed under the Indenture, including the costs and expenses (including, without limitation, reasonable compensation to its attorneys) of defending itself against any claim or liability. The obligations of the Company to compensate the Trustee to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee will survive the satisfaction and discharge of the Indenture. The Trustee has a right of payment prior to payment on account of interest, principal of or premium with respect to any Bond for the foregoing advances, fees, costs and expenses incurred.

No Individual Liability

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or on the Indenture against any member, officer, agent or employee of the Issuer or any person executing the Bonds.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The Issuer and the Trustee may, from time to time and at any time, without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture for any of the following purposes: (a) to add to the covenants and agreements of the Issuer contained in the Indenture for the benefit of the Owners, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer by the Indenture; (b) to make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained in the Indenture or in regard to matters or questions arising under the Indenture, as the Issuer may deem necessary or desirable and not inconsistent with the Indenture and which do not adversely affect the interests of the Owners of the Bonds; (c) to describe or identify more precisely any part of the Trust Moneys, or to subject to the lien and pledge of the Indenture additional revenues, properties or collateral; (d) to modify, amend or supplement the Indenture or any Supplemental Indenture as may be necessary to effect the qualification of the Indenture or any Supplemental Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar statute hereafter in effect, to permit qualification of the Bonds for sale as exempt securities or in exempt transactions under the Securities Act of 1933, the Securities Exchange Act of 1934, or the securities laws of any state or to avoid registration under the Investment Company Act of 1940; or (e) to make any other change in the Indenture which, in the judgment of the Trustee, upon reliance on an opinion of counsel, does not materially adversely affect the interests of the Owners of the Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds.

Supplemental Indentures Requiring Consent of Owners. Exclusive of the Supplemental Indentures described above, upon receipt of an instrument or concurrent instruments evidencing the consent of the Owners of not less than a majority in aggregate principal amount of the Outstanding Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds, the Issuer, and the Trustee with the approval of the Company, may from time to time and at any time adopt such other Supplemental Indentures as may be deemed necessary and desirable to modify, alter, amend, add to or rescind any of the terms or provisions contained in the Indenture or any Supplemental Indenture. However, (a) the consent of the Owner of each Bond so affected is required for a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Bond or a reduction in the principal amount or redemption price of any Bond or the rate of interest thereon; (b) the consent of the Owners of all Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds is required for (i) creation of a privilege or priority of any Bond or Bonds, (ii) reduction in the aggregate principal amount of the Bonds required for consent to any such Supplemental Indenture or (iii) creation of any lien or pledge ranking prior to or on a parity with the pledge of the Indenture on any part of the Trust Moneys; (c) the consent of the Owners of a majority in aggregate principal amount of the Outstanding Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds is required to modify the right of the Owners of a majority in aggregate principal amount of Bonds to compel the Trustee to declare the principal of all Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds to be due and payable upon the occurrence of an Event of Default; and (d) no Supplemental Indenture may permit the creation of any lien on the Facilities or the Revenues not subordinated to the Bonds, except as permitted by the Indenture.

If at any time the Issuer or the Company requests the Trustee to approve and enter into any such Supplemental Indenture for any of the purposes described above, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be sent to each Owner of Bonds then Outstanding by registered or certified mail to the address of such Owner as it appears on the registration books; provided, however, that failure to receive such notice by mailing, or any defect in the mailing thereof, will not affect the validity of any proceedings pursuant to the Indenture. Such notice must briefly set forth the nature of the proposed Supplemental Indenture and must state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. If, within sixty (60) days or such longer period as may be prescribed by the Issuer following the giving of such notice, the Owners of a majority in aggregate principal amount of Senior Bonds then Outstanding or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds consent to and approve the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

It is not necessary for the Owners to approve the particular form of any proposed Supplemental Indenture, but it will be sufficient if such consent approves the substance thereof.

Defeasance

If, when the Bonds become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds is paid, or provision is made for the payment of the same, together with all other sums payable under the Indenture, including all expenses of the Issuer, then all covenants, agreements and other obligations of the Issuer to the Owners will thereupon cease, terminate and become void and become discharged and satisfied. In such event, upon the request of the Issuer, the Trustee will execute such documents as may be reasonably required by the Issuer and will turn over to the Company the moneys, if any, then held by the Trustee. Prior to any defeasance becoming effective under the Indenture, (a) there must be delivered to the Issuer and the Trustee an opinion of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that (i) interest on any Tax-Exempt Bonds being paid by such defeasance will not become includable in gross income for federal income tax purposes by reason of such defeasance and (ii) payments of principal of and interest on the Bonds from the proceeds of any such deposit to effectuate defeasance will not constitute voidable preferences in a case commenced under the federal bankruptcy code by or against the Issuer or the Company, and (b) the amount required to be deposited in any escrow fund for the Owners must be invested only in Federal Securities.

All Outstanding Senior Bonds will, prior to the maturity or redemption date thereof, be deemed to be paid if (a) in case the Senior Bonds are to be redeemed on any date prior to their maturity, the Issuer gives to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Senior Bonds on said redemption date, such notice to be given in accordance with the Indenture, (b) there is deposited with the Trustee either moneys in an amount which is sufficient, or Federal Securities which do not contain provisions permitting the redemption thereof at the option of the Issuer, or any other person other than the owner thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide amounts sufficient to pay when due the principal of, premium, if any, and interest due and to become due on the Senior Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event the Senior Bonds are not by their terms to be redeemed within the next forty-five (45) days, the Company gives the Trustee in form

satisfactory to it irrevocable instructions to give, as soon as practicable, notice to the Owners of the Senior Bonds that the deposit described in (b) above has been made with the Trustee and that the Senior Bonds are deemed to have been paid in accordance with the Indenture, and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on the Senior Bonds.

All Outstanding Subordinate Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Indenture if (a) in case said Subordinate Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Subordinate Bonds on said redemption date, such notice to be given in accordance with the provisions of the Indenture, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the Issuer, or any other person other than the Owner thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on the Subordinate Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event the Subordinate Bonds are not by their terms to be redeemed within the next forty-five (45) days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the Indenture, notice to the Owners of the Subordinate Bonds that the deposit required by clause (b) above has been made with the Trustee and that the Subordinate Bonds are deemed to have been paid in accordance with the Indenture and stating maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds.

Neither the Federal Securities nor moneys deposited with the Trustee as provided above nor investment earnings on any such Federal Securities may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal of, premium, if any, and interest on the Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, may, at the written direction of the Company, be reinvested in Federal Securities of the type described in clause (b) in the immediately preceding paragraph maturing at the times and in amounts sufficient to pay when due, the principal of, premium, if any, and interest to become due on the Bonds on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Bond is deemed paid as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purpose of any payment from such moneys or Federal Securities deposited with the Trustee and the purpose of transfer pursuant to the Indenture.

Amendments to Agreement or Mortgage

The Issuer and the Trustee, at any time and from time to time, may, without the consent of or notice to Owners, consent to any amendment, change or modification of the Agreement or the Mortgage as may be required: (a) by the provisions of the Agreement, the Mortgage or the Indenture; (b) to add to the conditions, limitations and restrictions on the Company in the Agreement or the Mortgage, other conditions, limitations and restrictions thereafter to be observed; (c) to modify or eliminate any of the terms of the Agreement or the Mortgage; provided, however, that the Trustee may, in its discretion, decline to enter into any such amendment which, in its opinion, may not afford adequate protection to the Trustee when the same become effective; (d) to evidence the succession of another corporation to the

Company, and the assumption by any such successor of the covenants of the Company contained in the Agreement or the Mortgage or to evidence the succession of any successor Trustee under the provisions of the Indenture; (e) to add to the covenants of the Company or to surrender any right or power conferred upon the Company; (f) to cure any ambiguity or to correct or supplement any provision of the Agreement or the Mortgage that may be inconsistent with any other provision of the Agreement, the Mortgage or the Indenture or to make any other provisions with respect to matters or questions arising under the Agreement, the Mortgage or the Indenture; or (g) to make any other change that in the sole judgment of the Trustee does not materially adversely affect the interests of the Owners of the Senior Bonds or if no Senior Bonds are Outstanding, the Outstanding Subordinate Bonds.

Except for amendments, changes or modifications as described above, with the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding which are affected by such amendment to the Agreement or the Mortgage by action of said Owners delivered to the Issuer and the Trustee, the Issuer, when authorized by a resolution of the Issuer, and the Trustee may enter into an amendment or amendments to the Agreement or the Mortgage for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Agreement or the Mortgage; provided, however, that no such amendment may, without the consent of the Owner of each Outstanding Bond affected thereby, (a) reduce the aggregate amount of Revenues payable under the Agreement to an amount less than required for timely payment of principal of, premium, if any, and interest on the Bonds, or allow any installment of Revenues to be paid subsequent to the time needed for the payment of principal, premium, if any, and interest on the Bonds; or (b) modify any of the provisions of the Agreement or the Mortgage to eliminate the requirement that the Trustee consent to every amendment thereto.

For all purposes of such provisions, Bonds will be deemed to be "affected" by an amendment if such amendment materially adversely affects or diminishes the rights of Owners thereof to be assured of the payment of principal of, premium, if any, and interest on the Bonds. The Trustee may in its discretion determine whether or not any Bonds would be affected by any amendment and any such determination will be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered.

Additional Bonds

(a) The Issuer may issue bonds to refund all or any principal amount of the Bonds; refunding Bonds may be issued without meeting the tests of paragraph (b) or (c) below if the refunding results in debt service savings verified by a nationally recognized certified public accountant satisfactory to the Issuer. The Issuer will not issue any other obligations, except upon the conditions and in the manner provided in the Indenture, payable from the Revenues having priority over or being on a parity with the lien of the Bonds issued pursuant to the Indenture, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds issued pursuant to the Indenture.

(b) Additional Bonds may be issued under the Indenture if:

(1) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Senior Bonds to be issued, adjusted in the manner hereinafter provided, are at least equal to the sum of (A) the Operating Expenses and Management Fee for such Fiscal Year; plus (B) 120% of (1.20 times) the Maximum Annual Debt Service on

Outstanding Senior Bonds and such proposed Additional Senior Bonds in any future Fiscal Year. If the Company has caused rates, rentals and charges for the provision and sale of its services to be increased, the Company may prepare a pro forma analysis of Revenues for the preceding Fiscal Year giving effect to the increases to the extent, and only to the extent, that said increases would be in effect for the eighteen-month period beginning on the date of delivery of the Additional Senior Bonds to be issued, and such analysis may be used for purposes of satisfying the covenant described in this paragraph; or

(2) (A) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Senior Bonds to be issued were at least equal for such Fiscal Year to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year plus (ii) 120% of (1.20 times) the aggregate of the debt service for such Fiscal Year; and

(B) the Revenues, as projected by the Issuer and certified by a Consultant, for the Fiscal Year in which the Additional Senior Bonds to be issued are to be delivered and in each of the five Fiscal Years thereafter, are at least equal to the sum of the Operating Expenses and Management Fee projected for each such Fiscal Year, plus 120% of (1.20 times) the aggregate of the debt service on the Senior Bonds and the proposed Additional Senior Bonds for each such Fiscal Year.

(C) In satisfying the tests described in the immediately preceding subparagraph (B), there will be excluded from the calculation of debt service any interest payments to the extent moneys have been deposited in the Priority Account of the Debt Service Fund as capitalized interest or accrued interest.

(c) Additional Subordinate Bonds may be issued hereunder if:

(1) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Subordinate Bonds to be issued, adjusted in the manner hereinafter provided, are at least equal to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year; plus (ii) 110% of (1.10 times) the Maximum Annual Debt Service on Outstanding Bonds and such proposed Additional Subordinate Bonds in any future Fiscal Year. If the Company has caused rates, rentals and charges for the provision and sale of its services to be increased, the Company may prepare a pro forma analysis of Revenues for the preceding Fiscal Year giving effect to the increases to the extent, and only to the extent, that said increases would be in effect for the eighteen-month period beginning on the date of delivery of the Additional Subordinate Bonds to be issued, and such analysis may be used for purposes of satisfying the covenant described in this paragraph; or

(2) (A) the Revenues for the Fiscal Year immediately preceding the delivery of the Additional Subordinate Bonds to be issued were at least equal for such Fiscal Year to the sum of (i) the Operating Expenses and Management Fee for such Fiscal Year; plus (ii) 110% of (1.10 times) the aggregate of the debt service for such Fiscal Year on the Outstanding Bonds; and

(B) the Revenues, as projected by the Issuer and certified by a Consultant, for the Fiscal Year in which the Additional Subordinate Bonds to be issued are to be delivered and in each of the five Fiscal Years thereafter, are at least equal to the sum of (i) the Operating Expenses and Management Fee projected for each such Fiscal Year; (ii) plus 110% of (1.10 times) the aggregate of the debt service on the Outstanding Bonds and the proposed Additional Subordinate Bonds for each such Fiscal Year.

(C) In satisfying the tests contained in the immediately preceding subparagraph (B), there will be excluded from the calculation of debt service any interest payments to the extent moneys have been deposited in the Subordinate Account of the Debt Service Fund as capitalized interest or accrued interest.

THE MORTGAGE

The following is a summary, which does not purport to be comprehensive or definitive, or certain provisions of the Mortgage. Reference is hereby made to the actual Mortgage for a complete recital of its terms.

Mortgage and Security Interest

In order to secure the payment of the Bonds, together with the interest thereon, and to secure the performance and observance of all the provisions of the Mortgage, the Agreement and the Indenture, the Company has granted, bargained, sold, conveyed, pledged, assigned and mortgaged to the Issuer, its successors and assigns, the interests in property set forth in the granting clauses of the Mortgage (all of which are hereinafter collectively referred to as the "Mortgaged Premises"), and has granted to the Issuer, its successors and assigns, a security interest in the Mortgaged Premises, as follows:

- (a) All of the right, title and interest of the Company in the Facilities;
- (b) All right, title and interest of the Company in and to all Revenues, subject to the provisions of the Mortgage and the Indenture;
- (c) All of the rents, issues, benefits and profits of the Mortgaged Premises, including all occupancy agreements, licenses, franchises and appurtenances now or hereafter entered into covering any part of the Mortgaged Premises; and
- (d) The proceeds from the disposition of the Mortgaged Premises or any portion thereof as permitted by the Mortgage, subject to the provisions of the Agreement and the Indenture.

Limitation on Disposition of Mortgaged Premises

The sale, assignment, mortgage, pledge, hypothecation, transfer or other disposition by the Company of any interest in the Mortgaged Premises, either directly or indirectly, is subject to the terms and limitations set forth in the Agreement, and the Company's failure to comply with such limitations and conditions is a Default under the Mortgage.

Removal of Depreciable Assets

Depreciable assets within the Facilities may be removed by the Company from the Facilities only as authorized by the Mortgage, as described in the following paragraph.

Depreciable assets may be sold or exchanged upon receipt by the Company of consideration at least equal to its then fair market value, if any, and so removed if such consideration is applied toward acquisition and installation by the Company of equipment or other depreciable assets used in the conduct of the business of the Company and subjected to the lien of the Mortgage or if the depreciable assets have a fair market value of less than \$1,000. Depreciable assets with a fair market value in excess of \$1,000 may be so removed upon payment to the Company of its then fair market value, if any, without replacement if it is certified to the Trustee that such action will not significantly alter the character or purpose or detract from the value or operating efficiency of the Facilities and will not significantly impair the revenue-producing capability of the Facilities.

The proceeds from any sale consummated as described above will remain subject to the lien of the Mortgage.

Assignment of Rents, Issues and Profits as Further Security

As further security for payment of the indebtedness secured by the Mortgage, the Company has absolutely, presently and irrevocably transferred, assigned and set over unto the Issuer all of the rents, income, receipts, revenues, issues and profits arising from the Mortgaged Premises generally.

Defaults and Remedies

Any of the following events constitutes a Default under the Mortgage.

(a) failure of the Company to pay when due any amounts due under the Agreement, or any other payment required under the Mortgage or under any supplement, modification or extension thereof;

(b) if any of the Company's representations or warranties contained in the Mortgage is untrue or incorrect in any material respect at the time made, or if any such warranty or representation intended to be a continuing one becomes untrue or incorrect in any way affecting the security for the Bonds, the Agreement or of the Mortgage and the Company fails to remedy such situation within 30 days after written notice specifying such failure and requesting that it be remedied, is given to the Company by the Issuer, or its assignee, unless the Company institutes corrective action within the 30-day period and diligently pursues such action until the default is corrected.

(c) if the Company (i) applies for, or consents in writing to, the appointment of a receiver, trustee or liquidator of the Company, or of the Mortgaged Premises or of the property of the Company, or any part thereof; or (ii) files a voluntary petition in bankruptcy or is unable, or admits in writing to the inability generally, to pay debts as they become due; or (iii) makes a general assignment for the benefit of creditors; or (iv) files a petition or an answer seeking a reorganization or an arrangement or a readjustment of debt with creditors, or takes advantage of any insolvency, bankruptcy, liquidation or dissolution law of the United States or of any state;

or (v) files an answer admitting the material allegations of a petition filed against it in any such bankruptcy, reorganization or insolvency proceedings;

(d) if (i) any execution, warrant, attachment, garnishment or other similar process is levied or filed against the Mortgaged Premises or any part thereof which involves claims aggregating more than \$5,000 and such processes are not stayed, vacated or discharged within 90 days after the same have been levied or filed; or (ii) a petition is filed seeking an order, judgment or decree from any court of competent jurisdiction adjudicating the Company bankrupt or insolvent, or seeking reorganization of the Company or seeking to appoint a receiver, trustee or liquidator of the Company of the Mortgaged Premises or of all or substantially all of any other assets of the Company and such petition continues undismissed for a period of 90 days after the date of the filing thereof; or

(e) if an Event of Default occurs under the Agreement or the Indenture or in any other instrument executed concurrently with the Mortgage or supplemental thereto pertaining to the debt evidenced by the Bonds or the security therefor, or under any supplement, modification or extension of any of the foregoing, on its part to be performed.

During the continuance of any Default, the Issuer, at its option, may:

(a) by notice to the Company, declare the entire indebtedness to be immediately due and payable in accordance with the Agreement;

(b) after such proceedings as may be required by any applicable law or ordinance, either in person, or by its agents or attorneys, or by a court-appointed receiver, enter into and upon all or any part of the Mortgaged Premises and each and every part thereof and exclude the Company, its agents and servants wholly therefrom; and having and holding the same, use, operate, manage and control the Mortgaged Premises and conduct the business thereof; and

(c) with or without entry, personally or by its agents or attorneys insofar as applicable;

(i) foreclose the Mortgage in accordance with the laws of the State and the provisions of the Mortgage, for the entire indebtedness secured by the Mortgage or for any portion of such indebtedness or any other sums secured thereby which are then due and payable, subject to the continuing lien of the Mortgage for the balance of the indebtedness not then due; or

(ii) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Indenture, the Agreement, the Bonds or in the Mortgage, or in aid of the execution of any power granted in the Mortgage, or for any foreclosure thereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Issuer elects.

Amendments

See the caption "THE INDENTURE--Amendments to Loan Agreement or Mortgage" herein.

THE AGREEMENT

The following is a summary of certain provisions of the Agreement, to which reference is made for a complete recital of its terms.

Certain Representations and Warranties of the Company

The Agreement includes the following representations and warranties of the Company:

(a) The Company will operate or cause to be operated the Facilities through the date on which all of the Bonds are fully paid or are otherwise no longer Outstanding.

(b) The Company will not take any action which would impair the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, including any use of the Facilities which would cause any of the Tax-Exempt Bonds not to be "qualified 501(c)(3)" Bonds under the Code or make any expenditure for costs of issuance from the proceeds of the Bonds which would cause the total of such expenditures paid from the proceeds of the Tax-Exempt Bonds to exceed 2% of the aggregate principal amount of the Tax-Exempt Bonds; nor will the Company at any time take any action which would in any way adversely affect the right of the Issuer to issue tax-exempt bonds under the provisions of Section 103 of the Code. The Company will not enter into, amend or extend any management contract other than the one executed on the date the Agreement is executed with respect to the Facilities unless it obtains an opinion of Bond Counsel that such new, amended or extended management contract will not impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds. The aggregate principal amount of the Tax-Exempt Bonds, when added to all outstanding tax-exempt obligations of which the Company is a "test-period beneficiary" within the meaning of the Code, does not exceed \$150 million.

(c) The Company is duly authorized and will obtain a license to operate the Facilities under the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof and the execution of the Agreement and the transactions contemplated by the Agreement will not adversely affect such status. The Facilities, to the knowledge of the Company's officers after reasonable investigation and inquiry, are in compliance in all material respects with applicable federal, State and local zoning, subdivision, environmental, pollution control and building laws, regulations, codes and ordinances.

(d) As of the date of the Agreement, the Company is an organization of the type described in Section 3(a)(4) of the Securities Act of 1933, as amended. The Company will not perform any act nor enter into any agreement which adversely affects such status.

Covenants as to Corporate Existence, Maintenance of Facilities, Insurance, Etc.

The Company covenants to:

(a) preserve its corporate existence, and all its rights and licenses to the extent necessary in the operation of its business and affairs and be qualified to do business in each jurisdiction where the conduct of its business requires such qualification and where the failure to so qualify would have a material adverse impact on its operation; provided, however, that

nothing contained in the Agreement will be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the reasonable judgment of the Company, determined to be no longer useful in the conduct of its business;

(b) at all times cause its business to be carried on and conducted in an efficient manner and the Facilities and each part thereof to be maintained, preserved and kept in good condition, repair and working order, reasonable wear and tear excepted, and all needful and proper repairs, renewals and replacements of any portion thereof; provided, however, that nothing contained in the Agreement will be construed (i) to prevent it from ceasing to operate any portion of the Facilities if, in the reasonable judgment of the Company, it is determined to be advisable not to operate the same for the time being, or if it intends to sell or otherwise dispose of the same in accordance with the provisions of the Indenture and within a reasonable time endeavors to effect such a sale or other disposition, (ii) to obligate it to retain, preserve, repair, renew or replace any portion of the Facilities or leases, rights, privileges or licenses no longer used or, in the reasonable judgment of the Company, determined to be no longer useful in the conduct of its business;

(c) conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority material to the conduct of its business (except certain laws, orders, regulations or requirements being contested in good faith by appropriate proceedings);

(d) pay or otherwise satisfy and discharge all of its obligations and indebtedness and all demands and claims against it as and when the same become due and payable, other than obligations or indebtedness the validity, amount or collectability of which is being contested in good faith by appropriate proceedings;

(e) procure and maintain all necessary licenses and permits and, so long as it is reasonably deemed by its board of directors to be in the best interests of the Company and the Owners of the Bonds, maintain licensing of the Company's ICF/MRs by any state or federal agency or regulatory body having jurisdiction over the Company or the Facilities;

(f) prevent the use of the Facilities in such manner or to such extent as would result in interest on the Tax-Exempt Bonds becoming includable in gross income for federal income tax purposes;

(g) comply with all present and future laws, ordinances, administrative rules, regulations and court decisions, relating to the use or occupancy of any of the Facilities and conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the State, the United States of America and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority material to the conduct of its business and the operation of the Facilities (except certain laws, orders, regulations or requirements being contested in good faith by appropriate proceedings);

(h) pay prior to delinquency all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or the Facilities, other than certain taxes and charges or assessments being contested in good faith by appropriate proceedings;

(i) at all times comply with all terms, covenants and provisions contained in any mortgages or instruments evidencing any liens at any time existing upon the Facilities or any part thereof, the real property upon which the Facilities is located, or any interests therein and pay or cause to be paid, or to be renewed, refunded or extended by it, all bonds, notes or other evidences of indebtedness secured by any such mortgage or lien, as and when the same become due and payable; and

(j) maintain, or cause to be maintained, insurance (which may include one or more self-insurance programs) covering such risks and in such amounts as, in its judgment, is adequate to protect it and the Facilities and its operations, which must not be less than the following:

(A) Insurance against loss and/or damage to the Facilities covering such risks as are ordinarily insured against by similar facilities, including, without limiting the generality of the foregoing, flood and earthquake. Such insurance, together with the blanket earnings and extra expense insurance below mentioned, shall be in the amount required to pay the principal of the Bonds as they mature;

(B) Blanket earnings and extra expense insurance, covering loss of revenues by reason of the total or partial suspension of, or interruption in, the operation of the Facilities caused by the damage to or destruction of any part of the Facilities, with such exceptions as are customarily imposed by insurers covering a period of suspension or interruption, and in such amount as will provide Revenues equal to Maximum Annual Debt Service on the Bonds together with an amount, determined by the Manager, required to pay salaries of key personnel of the Facilities during any 12-month period of such suspension, interruption or destruction of the Facilities or its operation;

(C) Comprehensive general liability insurance, protecting the Company and the Manager, as their interests may appear, against liability for injuries to persons and/or property, occurring on, in or about the Facilities in the minimum amount of \$1,000,000 combined bodily injury and property damage liability as supplemented by general liability coverage under a \$2,000,000 umbrella policy;

(D) Worker's compensation insurance respecting all employees of the Company and all persons engaged in work at the Facilities in such amount as is required by law;

(E) Professional liability insurance in the amount of not less than \$1,000,000;
and

(F) Comprehensive automobile liability insurance with \$1,000,000 combined bodily injury and property damage per occurrence and \$1,000,000 aggregate coverage.

Indemnification and Nonliability
of the Issuer and the Trustee

The Company covenants and agrees, at its expense, to pay, and to indemnify and save the Issuer and the Trustee and their members, directors, officers, employees and agents harmless from and against, any and all claims, damages, demands, expenses, liabilities and taxes of any character or nature whatsoever, regardless of by whom imposed, and losses of every conceivable kind, character and nature

whatsoever, including, but not limited to, claims for loss or damage to any property or injury to or death of any person, asserted by or on behalf of any person, and arising out of, resulting from or in any way connected with the Facilities or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about the Facilities.

The Company also covenants and agrees, at its expense, to pay, and to indemnify and save the Issuer and the Trustee and their members, directors, officers, employees and agents harmless from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the Issuer or the Trustee or their members, directors, officers, employees or agents by reason of any such claim or demand, the Company, upon notice from the Issuer or the Trustee, covenant to resist and defend such action or proceeding on demand of the Issuer or the Trustee or their directors, officers, employees or agents. Notwithstanding the foregoing, neither the Issuer nor their members, directors, officers, employees and agents will be indemnified against liability for damage arising out of bodily injury to persons or damage to property caused by their own willful and malicious acts or omissions or willful and malicious acts or omissions of its own members, directors, officers, agents or employees.

The Company also covenants and agrees, at its expense, to pay, and to indemnify the Issuer and the Trustee from and against, all costs, expenses and charges, including reasonable counsel fees, incurred to enforce any covenant or agreement of the Company contained in the Agreement or the Indenture.

Use of Bond Proceeds; Company Payment as Security

The Issuer agrees pursuant to the Agreement to use the proceeds from the sale of the Bonds to provide for the acquisition, construction, equipping and furnishing of the Facilities. Such acquisition, construction, equipping and furnishing will be accomplished by loaning the proceeds from the issuance of the Bonds to the Company pursuant to the Agreement. The Company acknowledges that the Issuer's rights under the Agreement will be assigned to the Trustee as security for the payment of the Bonds, and the Company agrees to remit the Revenues and any other sums required to be paid under the Agreement to the Trustee for the benefit of the Owners of the Bonds.

Payment Provisions

The Company agrees to pay to the Trustee as repayment for the loan under the Agreement all Revenues from the operation of the Facilities as received.

The obligations of the Company to pay all Revenues and any other sums payable under the Agreement are, joint and several, absolute and unconditional without defense or setoff by reason of any default by the Issuer under the Agreement or under any other agreement between the Company and the Issuer or dispute between the Company and the Trustee or for any other reason, including, without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement, it being the intention of the parties that the Revenues and any other sums payable hereunder will be paid in full when due without any delay or diminution whatsoever.

Rate Covenant

Prior to the commencement of each Fiscal Year, commencing with the Fiscal Year beginning July 1, 1992, the Company will fix, establish or maintain, or cause to be fixed, established or maintained, such rates, rentals and charges for the provision of services in the Facilities, and revise, or cause to be revised, the same prior to the commencement of each Fiscal Year, as may be necessary to produce Revenues at least equal in each Fiscal Year to the total of (a) Operating Expenses and Management Fees budgeted for such Fiscal Year plus (b) 120% of the aggregate of the debt service to become due during such Fiscal Year. For so long as any Bonds are Outstanding, the Company will, within 30 days after the end of each Fiscal Year, deliver to the Trustee a Certificate reflecting the Company's compliance with the rate covenant described herein.

If the Company is unable to deliver the certificate described in the immediately preceding paragraph, the Company will, at least one month prior to the time fixed for the filing of the next Operating Budget, cause a consultant to submit a report to the Trustee showing for the next succeeding Fiscal Year the projected Revenues, debt service, Operating Expenses and Management Fees for said next succeeding Fiscal Year and setting forth the recommendations of the consultant for the revision of rates, rentals and charges, if necessary, to the extent permitted by the policies and guidelines of HRS, in order to satisfy the covenant described above on the basis of projected debt service and projected Operating Expenses and projected Management Fees for the next succeeding Fiscal Year.

The Company must annually file with the Trustee and the Issuer within 120 days after the close of each Fiscal Year a copy of an audited annual financial report as to the obligations and activities of the Company which must include as other financial information the individual operations of the Facilities and certain audited financial statements.

Operating Budgets

The Company will adopt an Operating Budget covering the fiscal operations of the Facilities for the Fiscal Year not later than the first day of such Fiscal Year, and will file the same with the Trustee. The Operating Budget will set forth for such Fiscal Year the estimated Revenues, the principal of and interest on the Bonds due and payable or estimated to become due and payable during such Fiscal Year, and estimated Operating Expenses, Management Fees and debt service on the Bonds in monthly allotments. The Company may at any time adopt and file with the Trustee an amended Operating Budget. Copies of the Operating Budget as then amended and in effect will be made available by the Trustee at normal business hours at the Trustee's principal corporate trust office for inspection by any Owner. In the event the Company does not adopt an Operating Budget for a Fiscal Year on or before the first day of such Fiscal Year, the Operating Budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for such Fiscal Year until the Operating Budget for such Fiscal Year has been adopted as above described.

Events of Default

The following constitute "Events of Default" under the Agreement:

- (a) the Company fails to transfer all Revenues to the Trustee at the times such transfers are required under the Indenture;

(b) the Company fails duly to observe or perform any other covenant or agreement on their parts contained in the Agreement for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, has been given to the Company by the Issuer or the Trustee or to the Company and the Trustee by the Owners of a majority in aggregate principal amount of Bonds then Outstanding; or in the case of any such default which can be cured by the Company but cannot reasonably be cured within such 30-day period, it will not constitute an Event of Default if diligently pursued until the default is corrected and, in the case of a default in the rate covenant described under the caption "--Rate Covenant" herein, it will not constitute an Event of Default if (i) a Consultant delivers a certificate that rates, rentals and charges cannot be further increased within the policies and guidelines of HRS and (ii) the projected Revenues for the Fiscal Year at least equal the total of Operating Expenses and Management Fees budgeted for such Fiscal Year and 100% of the aggregate of the debt service to become due during such Fiscal Year; or

(c) any representation or warranty made by the Company in the Agreement or made by the Company in any statement or certificate furnished by the Company either required by the Agreement or in connection with the execution and delivery of the Agreement, proves to have been untrue in any material respect as of the date of the issuance or making thereof and is not corrected within 30 days after notice thereof to the Company by the Issuer, the Trustee or the Owners of 25% or more in aggregate principal amount of Bonds then Outstanding.

Upon the occurrence and during the continuation of an Event of Default, then and in each and every such case, unless the principal of Bonds has already become due and payable, the Trustee may, and if requested by the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding, the Trustee or the Issuer with the written consent of the Trustee will by notice in writing to the Company (a) declare Revenues in an amount equal to the principal of all Bonds to be due and payable immediately as liquidated damages under the Agreement and not as a penalty, or (b) take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under the Agreement. The foregoing provision is subject to the condition that if, at any time after the principal of all Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered as provided in the Indenture, the Company pays or deposits with the Trustee a sum sufficient to pay all matured installments of interest upon all such Bonds and the principal and premium, if any, of all such Bonds that have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the highest rate of interest borne by the Bonds) and the expenses of the Issuer and the Trustee, and any and all Events of Default under the Agreement, other than a default due to failure to make necessary payments of Revenues, have been remedied, the Trustee may waive all Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment will extend to or affect any subsequent Event of Default, or impair any right consequent thereon.

Any amounts collected as described in this section will be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture.

Rescission of Acceleration

At any time after a declaration of acceleration has been made under the Agreement, but before the Trustee has exercised any other remedy specified therein, the Trustee, by written notice to the Issuer and the Company, will rescind and annul such declaration and its consequences if:

- (a) there is paid to or deposited with the Trustee, by or on behalf of the Company, or provision satisfactory to the Trustee is made for the payment of, a sum sufficient to pay:
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of and premium, if any, on any Bonds which have become due otherwise than by declaration of acceleration and interest thereon at the rate borne by the Bonds;
 - (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate of interest borne by the Bonds;
 - (iv) any expenses of the Issuer or the Trustee under the Agreement; and
- (b) all Events of Default, other than the nonpayment of the principal of and interest on the Bonds which principal and interest have become due solely by such acceleration, have been cured or waived.

No such rescission and amendment will affect any subsequent default or impair any right consequent thereon.

Right To Terminate Agreement and Prepay Revenues; Defeasance

At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Company may terminate the Agreement by making provision satisfactory to the Trustee for payment of the Outstanding Bonds in accordance with the provisions of the Indenture, including the payment to the Trustee of an amount which, when added to the amount on deposit in the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Depreciation Reserve Fund and the Operation and Maintenance Fund will be sufficient to pay, retire and redeem all the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption and Trustee's and Paying Agent's fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and by paying to the Issuer any and all sums then due to the Issuer under the Agreement. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the Issuer under the Agreement, the Agreement will terminate.

Termination on Damage, Destruction or Condemnation

If, during the term of the Agreement, (a) the Facilities or any portion thereof are destroyed, or are damaged by fire or other casualty; (b) title to, or the temporary or permanent use of the Facilities or any portion thereof or the estate of the Company in the Facilities or any portion thereof is taken under the power of eminent domain by any governmental authority; (c) a material defect in construction of the Facilities becomes apparent; or (d) title to or the use of all or any portion of the Facilities is lost by reason of a defect in title thereto, then the Company will cause the net proceeds of any insurance policies, performance bonds or condemnation awards to be deposited in a separate trust fund held by the Trustee. Except as described below, all net proceeds so deposited will be applied to the prompt repair, restoration, modification, improvement or replacement of the Facilities upon receipt of requisitions acceptable to the Trustee stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The balance of any such net proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed will be applied to prepayment of the principal of Bonds pursuant to the terms of the Indenture. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such net proceeds will be the property of the Company, subject to the Agreement, and will be included as part of the Facilities under the Agreement.

If the net proceeds (plus the amount withheld therefrom by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Facilities, the Company may elect to proceed under either of the following options:

(a) The Company may complete the work and pay any cost in excess of the amount of the net proceeds, but the Company will not be entitled to any reimbursement therefor from the Issuer or the Trustee, nor will it be entitled to any offset against Revenues payable under the Agreement.

(b) The obligation of the Company to repair or replace the Facilities may, at the option of the Company, be discharged by causing the net proceeds of such insurance policies, performance bonds or condemnation awards to be applied to the mandatory redemption of the Bonds pursuant to the terms of the Indenture. In the event the net proceeds exceed the amount so required, such excess will be paid to or retained by the Company.

Within 90 days of the occurrence of an event described above, the Company must commence the repair, restoration, modification, improvement or replacement of the Facilities, or must elect, by written notice to the Issuer and the Trustee, to proceed under either of the alternative courses described above. For purposes of this paragraph, "commence" includes the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Facilities. In the event that the Company, after commencing the repair, restoration, modification, improvement or replacement of the Facilities, determines that the net proceeds (plus any amount withheld therefrom by reason of any deductible clause) are insufficient for the accomplishment thereof, the Company may elect to proceed under either of the alternative courses described above.

Amendments

See the caption "THE INDENTURE--Amendments to Loan Agreement or Mortgage" herein.

THE MANAGEMENT AGREEMENT

The following is a summary of certain provisions of the Management Agreement relating to management and operation of the Facilities, to which reference is made for a complete recital of its terms.

Duties of the Manager

Under the Management Agreement, the Manager agrees to operate and manage the Facilities for a term of 5 years, unless earlier terminated or further extended as provided therein. The Manager assumes responsibility for all management, supervision, accounting, bookkeeping, maintenance, repair, personnel, operations and other duties with respect to the Facilities. The Manager has agreed to advance, from time to time, a maximum of approximately \$300,000 to pay Operating Expenses to the extent the amounts on deposit in the Operating and Maintenance Fund are insufficient therefor.

Compensation

Under the Management Agreement, the Manager will receive a Management Fee equal to \$26,000 per month for the 12 month period commencing after the Commencement Date (as defined therein) and beginning on the 13th month after the Commencement Date, a Management Fee equal to \$10.00 per Occupied Bed (as defined therein), subject to indexed cost of living increases beginning on the 25th month thereafter as more fully set forth in the Management Agreement. All fees and expenses due under the Management Agreement will be subordinated to the payment of principal of, premium, if any, and interest on the Senior Bonds.

Termination

The Management Agreement may be terminated by the Company for any reason or for the reason on the third anniversary date of the Commencement Date of the then current term of the Management Agreement. The Management Agreement may be terminated upon default, which is defined therein to include, without limitation, (a) if the Manager fails to maintain and operate the Facilities according to the standards established or imposed by all governmental agencies having jurisdiction or authority over the Facilities, or (b) if the certification and license for the Facilities to participate under the State's Medicaid program is cancelled or revoked because the Manager has failed to perform its obligations and the Manager is not, in good faith, diligently pursuing the reinstatement of such certification and licensure. The Company may declare the Management Agreement terminated in the event the Manager fails to cure any such default within thirty (30) days after written notice from the Company.

Insurance

The Management Agreement requires certain insurance to be maintained by the Manager with respect to the Facilities.

UNDERWRITING

The Placement Agents have entered into a Bond Placement Agreement pursuant to which they agree to place the Bonds for a price of approximately [*** 97% ***] of the principal amount thereof. The obligation of the Placement Agents to place the Bonds for the Issuer is subject to certain terms and conditions set forth in the Bond Placement Agreement, including the delivery of specified opinions of counsel and certificates of the Issuer and the Company. Pursuant to the Bond Placement Agreement, the Placement Agents are obligated to offer the Bonds only to sophisticated investors who are offered the opportunity to seek information in addition to the limited disclosure made herein directly from the Company and others and to sell the Bonds only to offerees who sign an investment letter, in the form attached hereto as Appendix C, evidencing their sophistication, access to such information and Placement for investment or to offerees who have an established corporate policy against executing such letters but as to whom the Placement Agents have formed a reasonable belief that the statements in such letter, if executed by such offeree, would be true and correct.

TAX TREATMENT

In the opinion of Kutak Rock, under existing laws, regulations and judicial decisions, (i) interest on the Series 1992A Bonds and the Series 1992C Bonds is excludable from gross income of a recipient thereof for federal income purposes; (ii) interest on the Series 1992A Bonds and the Series 1992C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (iii) interest on the Series 1992B Bonds is includable in gross income of a recipient thereof for federal income tax purposes. Interest on the Series 1992A Bonds and the Series 1992C Bonds, however, will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). In the opinion of Nabors, Giblin & Nickerson, P.A., under existing laws, regulations and judicial decisions, the Bonds and the interest thereon are exempt from taxation under the laws of the State, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, defined in said Chapter 220, Florida Statutes. Each prospective Placement of the Bonds should consult his, her or its own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than the State of Florida. No other opinion is expressed by Kutak Rock or Nabors, Giblin & Nickerson, P.A. regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds. [*** ADDITIONAL TAX LANGUAGE TO BE ADDED ***]

Kutak Rock's and Nabors, Giblin & Nickerson, P.A.'s opinions are given in reliance on certifications by representatives of the Issuer and the Company as to certain facts material to the opinion and requirements of the Code. The Issuer and the Company have covenanted to comply with provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Tax-Exempt Bonds, the use of the Facilities and the timely payment of any arbitrage profits with respect to the Tax-Exempt Bonds to the United States. Failure by the Issuer or the Company to comply with such covenants could cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

In addition to the matters addressed above, prospective Placement of the Series 1992A Bonds and the Series 1992C Bonds should be aware that the ownership of tax-exempt obligations may result in

collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations, certain foreign corporations subject to the branch profits tax, corporations subject to the environmental tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to Placement or carry tax-exempt obligations. Prospective Purchasers of the Series 1992A Bonds and the Series 1992C Bonds should consult their tax advisors as to the applicability and impact of such consequences.

LEGAL MATTERS

Legal authorization, issuance and sale of the Bonds are subject to the approval of Kutak Rock, Atlanta, Georgia, Bond Counsel, and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Issuer's Counsel, whose approving opinions will be available at the time of delivery of the Bonds and will be attached to each Bond, the proposed forms of which appear as Appendix B to this Limited Offering Statement. The forms of such opinions are subject to change.

Certain legal matters will be passed upon for the Issuer by Michael S. Mullins, Esq., Fernandina Beach, Florida; for the Company by Nelson, Mullins, Riley & Scarborough, Atlanta, Georgia; for the Manager by Holbrook, Wyble, Sullivan and Mountjoy, P.S.C., Owensboro, Kentucky; and for the Placement Agents by their counsel, Kutak Rock, Atlanta, Georgia. Parker, Poe, Adams & Bernstein, Raleigh, North Carolina, as Special Reimbursement Counsel, will also deliver an opinion.

LITIGATION

There is no litigation of any nature to which the Issuer or the Company is a party pending or, to the knowledge of the Issuer or the Company, threatened against either of them to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, of any proceedings taken with respect to the issuance or sale thereof, or in any way contesting or affecting the validity of or application of any moneys or the security provided for the Bonds or the existence or powers of the Issuer or the Company in connection with the acquisition or operation of the Facilities, the validity of the documents described herein or the performance of the Company's obligations thereunder.

FINANCIAL FEASIBILITY CONSULTANT

The financial feasibility study, included as part of "APPENDIX A -- Financial Feasibility Study" attached hereto, has been examined by KPMG Peat Marwick, independent certified public accountants, as stated in their report appearing in "APPENDIX A" and is included in reliance on their report given on the authority of KPMG Peat Marwick as experts in performing examinations of financial feasibility studies.

FINANCIAL ADVISOR

William R. Hough Corporation, Jacksonville, Florida, is acting solely as the Issuer's financial advisor and has not independently verified any of the information contained in this Limited Offering Statement and makes no representation or warranty regarding the accuracy or completeness of such information, and no other party has the authority to do so on its behalf.

MISCELLANEOUS

The information contained in this Limited Offering Statement has been compiled or prepared from official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

At closing on the Bonds, the Issuer will certify only as to the accuracy of the information set forth under the caption "THE ISSUER" herein.

The execution and delivery of this Limited Offering Statement have been duly approved by the Issuer.

NASSAU COUNTY, FLORIDA

By _____
Chairman - Board of County Commissioners
of Nassau County, Florida

APPENDIX A
FINANCIAL FEASIBILITY STUDY

APPENDIX B
FORMS OF OPINIONS

FORM OF BOND COUNSEL OPINION

[Letterhead of Kutak Rock]

September , 1992

Nassau County, Florida
Fernandina Beach, Florida

\$5,150,000
Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$210,000
NASSAU COUNTY, FLORIDA
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Board of County Commissioners of Nassau County, Florida (the "Issuer") of \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A (the "Series 1992A Bonds") and \$210,000 ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (the "Series 1992C Bonds") (collectively, the "Bonds"). The Bonds are issuable as fully registered Bonds without coupons dated as provided in the hereinafter-described Indenture in the principal amount of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The Bonds are subject to mandatory and optional redemption at the times, in the manner and upon the terms provided in the Bonds and in the Indenture. The Bonds are payable solely from the revenues derived by the Issuer pursuant to the hereinafter-described Agreement, or from the other security pledged under the Indenture, and shall not be deemed to constitute a debt, liability or obligation of the Issuer or the State of Florida (the "State") or any political subdivision thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from amounts payable by GF/Amelia Island Properties, Inc., a Florida not-for-profit corporation (the "Company"), to the Issuer under the Agreement. The Bonds mature and bear interest at the times and rates as set forth in the Indenture.

In connection with the issuance of the Bonds, we have examined the following:

(a) A certified copy of the Amended and Restated Bond Resolution adopted by the Issuer on September , 1992 (the "Resolution") in connection with the issuance of the Bonds pursuant to and under the provisions of the Florida Industrial Development Financing Act, being Section 159.25 et seq., Florida Statutes, as amended (the "Act");

(b) An executed counterpart of the Indenture of Trust (the "Indenture") dated as of June 1, 1992 between the Issuer and NationsBank of Georgia, National Association, as trustee thereunder (the "Trustee");

(c) An executed counterpart of the Loan Agreement (the "Agreement") dated as of June 1, 1992 between the Issuer and the Company;

(d) An executed counterpart of the Mortgage and Security Agreement dated as of June 1, 1992 (the "Mortgage") from the Company to the Issuer;

(e) A specimen Series 1992A Bond and Series 1992C Bond; and

(f) Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Issuer is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State. Pursuant to the Act, the Issuer is empowered to issue the Bonds and to use the proceeds thereof for the purpose set forth in the Indenture, and to assign and pledge to the Trustee the amounts payable by the Company under the Agreement (other than certain indemnification rights, certain fees and expenses of the Issuer and certain rights to information and notice), from which amounts the Bonds are payable, and to create the liens on the trust estate as provided in the Indenture.

2. The Bonds have been validly authorized, executed and issued in accordance with the laws of the State now in force and represent valid, binding, limited obligations of the Issuer. The principal of and premium, if any, and interest on the Bonds are payable solely from, and secured by, an assignment and pledge by the Issuer to the Trustee of the amounts to be received by the Issuer pursuant to the Agreement (other than certain indemnification rights and certain fees and expenses of the Issuer) and an assignment and pledge by the Company to the Trustee of the Mortgage.

3. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Company, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. Under existing laws, regulations and judicial decisions, interest on the Bonds
- (a) is excludable from gross income of a recipient thereof for federal income tax purposes and
 - (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

Interest on the Bonds, however, will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

The opinion set forth in paragraph 5 above is subject to continuing compliance by the Issuer and the Company with the covenants regarding federal tax law in the Indenture and the Agreement. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income of the recipient thereof for federal income tax purposes retroactive to the date of issue of the Bonds.

Although interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations, operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security or Railroad Retirement benefits are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds. We express no opinion regarding such consequences.

The rights of the Owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

FORM OF BOND COUNSEL OPINION

[Letterhead of Kutak Rock]

September , 1992

Nassau County, Florida
Fernandina Beach, Florida

\$360,000
NASSAU COUNTY, FLORIDA
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Board of County Commissioners of Nassau County, Florida (the "Issuer") of \$360,000 Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B (the "Bonds"). The Bonds are issuable as fully registered Bonds without coupons dated as provided in the hereinafter-described Indenture in the principal amount of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The Bonds are subject to mandatory redemption at the times, in the manner and upon the terms provided in the Bonds and in the Indenture. The Bonds are payable solely from the revenues derived by the Issuer pursuant to the hereinafter-described Agreement, or from the other security pledged under the Indenture, and shall not be deemed to constitute a debt, liability or obligation of the Issuer or the State of Florida (the "State") or any political subdivision thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from amounts payable by GF/Amelia Island Properties, Inc., a Florida not-for-profit corporation (the "Company"), to the Issuer under the Agreement. The Bonds mature and bear interest at the times and rates as set forth in the Indenture.

In connection with the issuance of the Bonds, we have examined the following:

(a) A certified copy of the Amended and Restated Bond Resolution adopted by the Issuer on September , 1992 (the "Resolution") in connection with the issuance of the Bonds pursuant to and under the provisions of the Florida Industrial Development Financing Act, being Section 159.25 et seq., Florida Statutes, as amended (the "Act");

(b) An executed counterpart of the Indenture of Trust (the "Indenture") dated as of June 1, 1992 between the Issuer and NationsBank of Georgia, National Association, as trustee thereunder (the "Trustee");

- (c) An executed counterpart of the Loan Agreement (the "Agreement") dated as of June 1, 1992 between the Issuer and the Company;
- (d) An executed counterpart of the Mortgage and Security Agreement dated as of June 1, 1992 (the "Mortgage") from the Company to the Issuer;
- (e) A specimen Bond; and
- (f) Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Issuer is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State. Pursuant to the Act, the Issuer is empowered to issue the Bonds and to use the proceeds thereof for the purpose set forth in the Indenture, and to assign and pledge to the Trustee the amounts payable by the Company under the Agreement (other than certain indemnification rights, certain fees and expenses of the Issuer and certain rights to information and notice), from which amounts the Bonds are payable, and to create the liens on the trust estate as provided in the Indenture.
2. The Bonds have been validly authorized, executed and issued in accordance with the laws of the State now in force and represent valid, binding, limited obligations of the Issuer. The principal of and premium, if any, and interest on the Bonds are payable solely from, and secured by, an assignment and pledge by the Issuer to the Trustee of the amounts to be received by the Issuer pursuant to the Agreement (other than certain indemnification rights and certain fees and expenses of the Issuer) and an assignment and pledge by the Company to the Trustee of the Mortgage.
3. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.
4. The Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Company, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.
5. Under existing laws, regulations and judicial decisions, the Bonds will be treated, for federal income tax purposes, as indebtedness of the Issuer, and not as an ownership interest in the collateral securing the Bonds, or as an equity interest in the Issuer or in a separate transaction taxable as a corporation. Stated interest on the Bonds will be taxable as ordinary income and taken into account in accordance with an Owner's method of tax accounting.

September ,1992
Page -6-

The rights of the Owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

FORM OF SPECIAL ISSUER'S BOND COUNSEL OPINION

[Letterhead of Nabors, Giblin & Nickerson, P.A.]

September , 1992

Nassau County, Florida
Fernandina Beach, Florida

\$5,150,000
Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$360,000
Nassau County, Florida
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

\$210,000
NASSAU COUNTY, FLORIDA
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Board of County Commissioners of Nassau County, Florida (the "Issuer") of \$5,150,000 ICF/MR Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992A (the "Series 1992A Bonds"); \$360,000 Taxable ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992B (the "Series 1992B Bonds") and \$210,000 ICF/MR Subordinate Revenue Bonds (GF/Amelia Island Properties, Inc. Project) Series 1992C (the "Series 1992C Bonds") (collectively, the "Bonds"). The Bonds are issuable as fully registered Bonds without coupons dated as provided in the hereinafter-described Indenture in the principal amount of \$100,000 and any integral multiple of \$5,000 in excess thereof.

The Bonds are subject to mandatory and optional redemption at the times, in the manner and upon the terms provided in the Bonds and in the Indenture. The Bonds are payable solely from the revenues derived by the Issuer pursuant to the hereinafter-described Agreement, or from the other security pledged under the Indenture, and shall not be deemed to constitute a debt, liability or obligation of the Issuer or the State of Florida (the "State") or any political subdivision thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from amounts payable by GF/Amelia Island Properties, Inc.,

a Florida not-for-profit corporation (the "Company"), to the Issuer under the Agreement. The Bonds mature and bear interest at the times and rates as set forth in the Indenture.

In connection with the issuance of the Bonds, we have examined the following:

- (a) A certified copy of the Amended and Restated Bond Resolution adopted by the Issuer on September , 1992 (the "Resolution") in connection with the issuance of the Bonds pursuant to and under the provisions of the Florida Industrial Development Financing Act, being Section 159.25 et seq., Florida Statutes Annotated, as amended (the "Act");
- (b) An executed counterpart of the Indenture of Trust (the "Indenture") dated as of June 1, 1992 between the Issuer and NationsBank of Georgia, National Association, as trustee thereunder (the "Trustee");
- (c) An executed counterpart of the Loan Agreement (the "Agreement") dated as of June 1, 1992 between the Issuer and the Company;
- (d) An executed counterpart of the Mortgage and Security Agreement dated as of June 1, 1992 (the "Mortgage") from the Company to the Issuer;
- (e) A specimen Series 1992A Bond, Series 1992B Bond and Series 1992C Bond; and
- (f) Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Issuer is a political subdivision organized and existing under and by virtue of the constitution and the laws of the State. Pursuant to the Act, the Issuer is empowered to issue the Bonds and to use the proceeds thereof for the purpose set forth in the Indenture, and to assign and pledge to the Trustee the amounts payable by the Company under the Agreement (other than certain indemnification rights, certain fees and expenses of the Issuer and certain rights to information and notice), from which amounts the Bonds are payable, and to create the liens on the trust estate as provided in the Indenture.

2. The Bonds have been validly authorized, executed and issued in accordance with the laws of the State now in force and represent valid, binding, limited obligations of the Issuer. The principal of and premium, if any, and interest on the Bonds are payable solely from, and secured by, an assignment and pledge by the Issuer to the Trustee of the amounts to be received by the Issuer pursuant to the Agreement (other than certain indemnification rights and certain fees and expenses of the Issuer) and an assignment and pledge by the Company to the Trustee of the Mortgage.

3. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Company, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. Under existing laws, regulations and judicial decisions, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits of debt obligations owned by corporations, as defined in said Chapter 220, Florida Statutes.

The rights of the Owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

APPENDIX C
FORM OF INVESTMENT LETTER

APPENDIX C
FORM OF INVESTMENT LETTER

September , 1992

Nassau County, Florida
Board of County Commissioners
P.O. Box 456
416 Center Street
Fernandina Beach, Florida 32034

GF/Amelia Island Properties, Inc.
Suite 611
Eleven Piedmont Center
3495 Piedmont Road, N.E.
Atlanta, Georgia 30309

PHN Capital Funding Inc.
One Buckhead Plaza
Suite 1880
3060 Peachtree Road, N.W.
Atlanta, Georgia 30305

Kutak Rock
4400 Georgia-Pacific Center
133 Peachtree Street, N.E.
Atlanta, Georgia 30303

Gardynr Michael Capital, Inc.
Suite 104
2281 Lee Road
Winter Park, Florida 32789

Nabors, Giblin & Nickerson, P.A.
Barnett Bank Building, Suite 800
315 South Calhoun Street
Tallahassee, Florida 32301

\$5,150,000

Nassau County, Florida
ICF/MR Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992A

\$360,000

NASSAU COUNTY, FLORIDA
Taxable ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992B

\$210,000

NASSAU COUNTY, FLORIDA
ICF/MR Subordinate Revenue Bonds
(GF/Amelia Island Properties, Inc. Project)
Series 1992C

Ladies and Gentlemen:

In connection with the purchase by us of \$ _____ in principal amount of the above-described bonds (the "Bonds") we hereby certify as follows:

1. We understand that we will not receive from the State of Florida (the "State"), Nassau County, Florida (the "Issuer"), GF/Amelia Island Properties, Inc. (the "Company"), Eiditik, Inc. (the "Manager"), PHN Capital Funding Inc. and Gardynr Michael Capital, Inc. (collectively, the "Underwriters"), counsel for the Issuer, the Company, the Manager and the Underwriters, Kutak Rock, Atlanta, Georgia, Nabors, Giblin & Nickerson, P.A., Tampa, Florida or from any county, authority or other political subdivision that issues or directly or indirectly approves the Bonds, their governing bodies,

their members or any of their officers, employees or agents, any information with respect to the use of the proceeds of the Bonds and the Facilities, as defined in the Limited Offering Statement dated June , 1992 with respect to the Bonds (the "Limited Offering Statement"), the Bonds themselves, the provisions for payment thereof, the security therefor or the sufficiency of such provisions for payment thereof and security therefor, except information that (a) is included in the Limited Offering Statement, including brief descriptions of the Indenture of Trust dated as of September 1, 1992, the Loan Agreement dated as of June 1, 1992, the Mortgage and Security Agreement dated as of September , 1992, and the Management Agreement dated as of September , 1992, and the form of Bond Purchase Agreement dated September , 1992 (together, the "Documents"), and in the other documentation executed in connection with the issuance of the Bonds, copies of which have been provided to us and reviewed by us prior to our purchase of the Bonds (the "Offering Information") and (b) has been specifically requested by us from the Company, its accountants or the Manager, provided to us and reviewed by us prior to our purchase of the Bonds (the "Additional Information").

2. Neither the Issuer, the Underwriters, counsel for the Issuer and the Underwriters, Bond Counsel, Special Issuer's Counsel, Underwriters' Counsel, the Company and the Manager and their counsel, or any other county, authority or political subdivision, nor their governing bodies or any of their officers, employees or agents will have any responsibility to us for the accuracy or completeness of information obtained by us from any source regarding the Facilities, the Company or the Manager, or their assets, businesses, circumstances, financial condition and properties, or regarding the Bonds, the provisions for payment thereof, or the sufficiency of any security therefor, including any information specifically provided by any of such parties contained in the Offering Information, except for the sections of the Limited Offering Statement entitled "The Issuer," "Placement," "Tax Treatment" and "Legal Matters." We acknowledge that, as between us and all of such parties, (a) we have assumed responsibility for obtaining such information and making such review as we have deemed necessary or desirable in connection with our decision to purchase the Bonds and (b) the Offering Information and the Additional Information constitute all information and, with the investigation made by us prior to our purchase of the Bonds, review that we have deemed necessary or desirable in connection with our decision to purchase the Bonds.

3. We are either (a) a bank, registered investment company, insurance company or other "accredited investor" as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission or (b) described in paragraph 4 hereof. If described in this paragraph 3, we are duly and validly organized under the laws of our jurisdiction of incorporation or organization and we can bear the economic risk of the purchase of the Bonds, and have such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, as to be capable of evaluating the merits and risks of an investment in the Bonds on the basis of the information and review described in paragraph 2 hereof.

4. If not described in paragraph 3 hereof, we are a registered investment advisor purchasing the Bonds for inclusion in the portfolio of a registered investment company advised by us and over whose transactions we have discretionary power. If described in this paragraph 4, we have such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, as to be capable of evaluating the merits and risks of an investment in the Bonds on the basis of the information and review described in paragraph 2 hereof and the investment company for which we are purchasing the Bonds is duly and validly organized under the laws of its jurisdiction of incorporation or organization and can bear the economic risk of the purchase of the Bonds.

September , 1992

Page -3-

5. The Bonds have been purchased for our own account (except as described in paragraph 4 hereof, in which instance they have been purchased for the account of the registered investment company managed by us) for investment and not with a view to the distribution, transfer or resale thereof, provided that the disposition of the Bonds shall at all times be within our sole control.

6. We are duly and legally authorized to purchase the Bonds.

7. We have not and will not rely on any action taken by the Issuer of the Bonds, including, but not limited to, issuance of the Bonds, as evidence that the Bonds or the Facilities financed with the proceeds of the Bonds comply with the provisions of any legislation.

8. We understand that the Bonds have not been registered with any federal or state securities agency or commission.

9. We have satisfied ourselves that the Bonds are a lawful investment for this organization under all applicable laws.

10. We have carefully read the Offering Information and the Additional Information in its entirety and understand the risks described therein and understand and acknowledge that there may exist other risks with respect to the Bonds that are not described therein.

11. We acknowledge that no credit rating has been sought or obtained with respect to the Bonds, and we acknowledge that the Bonds are a speculative investment and that there is a high degree of risk in such investment.

12. We acknowledge that we have read the form of approving opinion of Bond Counsel regarding the Bonds.

The foregoing representations shall survive the execution and delivery to us of the Bonds and the instruments and documents contemplated thereby.

Very truly yours,

By _____

Name:

Title: